路歌
LOGORY

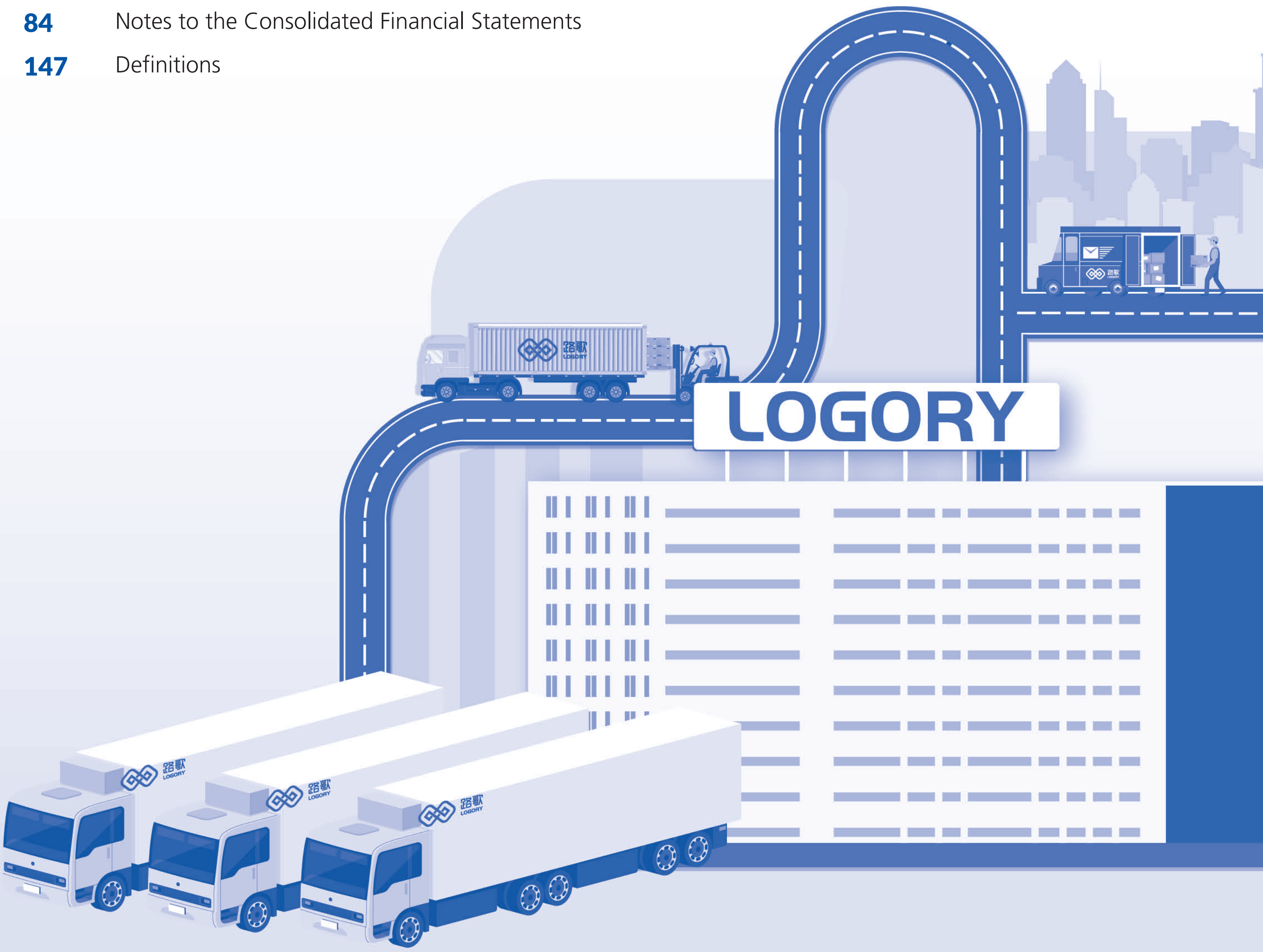
LOGORY LOGISTICS TECHNOLOGY CO., LTD.

合肥维天运通信息科技股份有限公司

A joint stock company incorporated
in the People's Republic of China with limited liability
Stock Code : 2482

2023
ANNUAL REPORT

Contents



Corporate Information

DIRECTORS

Executive Directors

Mr. Feng Lei (馮雷) *(Chairman)*
Mr. Du Bing (杜兵) *(Chief executive officer)*
Mr. Ye Sheng (葉聖)
Ms. Wang Yao (王瑤)

Non-Executive Directors

Mr. Chen Zhijie (陳志傑)
Mr. Liu Junjie (劉俊傑) *(resigned on 29 December 2023)*

Independent Non-Executive Directors

Mr. Dai Dingyi (戴定一)
Mr. Li Dong (李東)
Mr. Liu Xiaofeng (劉曉峰)

SUPERVISORS

Ms. Liang Xiaojia (梁曉佳)
Mr. Fan Hua (樊驊)
Mr. Wang Yang (汪洋)

AUDIT COMMITTEE

Mr. Li Dong (李東) *(Chairman)*
Mr. Liu Xiaofeng (劉曉峰)
Mr. Dai Dingyi (戴定一)

REMUNERATION COMMITTEE

Mr. Liu Xiaofeng (劉曉峰) *(Chairman)*
Mr. Li Dong (李東)
Mr. Du Bing (杜兵)

NOMINATION COMMITTEE

Mr. Dai Dingyi (戴定一) *(Chairman)*
Mr. Liu Xiaofeng (劉曉峰)
Mr. Feng Lei (馮雷)

AUTHORISED REPRESENTATIVES

Ms. Wang Yao (王瑤)
Mr. Long Ke (龍科)

JOINT COMPANY SECRETARIES

Mr. Long Ke (龍科)
Ms. Yuen Wing Yan, Winnie (袁頴欣) *(FCG, HKFCG (PE))*

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COMPANY WEBSITE

www.logory.com

STOCK CODE

2482

Five Year Financial Highlights

	Year ended December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Revenue	3,560,542	4,664,587	6,297,250	6,204,473	**5,616,216**
Gross Profit	211,826	300,958	399,861	341,767	**313,264**
(Loss)/Profit for the year	(3,298)	26,070	50,744	1,393	**(29,623)**
Adjusted net (loss)/profit(1)	(1,795)	41,373	87,309	45,109	**453**

	Year ended December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Total assets	1,820,888	2,306,811	2,663,102	2,172,985	**2,450,762**
Total liabilities	1,633,359	2,003,557	2,127,667	1,618,492	**1,798,156**
Total equity	187,529	303,254	535,435	554,493	**652,606**

	Year ended December 31,				
	2019	2020	2021	2022	**2023**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Net cash flows from/(used in) operating activities	60,949	55,207	130,404	(56,407)	**(245,593)**

Note:

(1) Adjusted net (loss)/profit is defined as (loss)/profit for the year adjusted by adding back share-based payments and the listing expenses. Please refer to the section headed "Management Discussion and Analysis — Financial Review — Other financial information (Non-IFRS measures): Adjusted net (loss)/profit" for details of non-IFRS measures.

Chairman's Statement

Dear Shareholders,

2023 is the first year after the successful listing of our H Shares on the Stock Exchange, and it is also a year of tempering for the Company. During this year, the internal and external environments were complex and changeable, and the industry recovery fell short of expectations. Nevertheless, we forged ahead under pressure.

We deeply understand that driving the digital transformation of the industry is like a marathon. To withstand the long-term tests, it is essential to accurately grasp the new trends in the era's development, explore and solve the industry's "real problems", forge new capabilities, and seize new opportunities amid changes. Therefore, we tackled and overcome difficulties in 2023. Internally, we optimized the organizational structure, implemented lean management, fully stimulated internal dynamics, and enhanced operational efficiency. Facing the market, we continuously innovated and upgraded the full-chain digital freight service system, accelerated the application of logistics digital delivery in segmented fields, deeply participated in industry standard construction, actively fulfilled corporate social responsibilities, and collaborated with all sectors in the industry to create a benign freight ecosystem.

Looking back on our 22 years of entrepreneurial journey, the achievements we have made at each stage are the results of proactively embracing change, boldly responding to challenges, and persisting in creating value. In 2024, standing at a new starting point for the construction of digital China, we firmly believe that, regardless of changes of the external environment, "high quality, high efficiency, and standardization" are long-term and definite development trends in the freight industry. We will take "logistics digital delivery" as the starting point, continue to cultivate the supply chain and industrial chain, and prioritize the deepening of the capabilities of full-chain digital operation, fully leverage the resource advantages of data as a new production factor, provide high-quality solutions and services for customers and the industry, build long-term competitive advantages, and run the marathon of promoting the digital transformation of the industry well.

Finally, we would like to express our gratitude to the Shareholders and investors who have supported and trusted Logory for a long time. Thank you all for accompanying us and providing us with room for development. In the future, we will, as always, work hard, dare to do good, and better create value for employees, customers, shareholders, partners, and society.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank all of our employees for their hard work over the past year. At the same time, I would also like to express my sincere gratitude to our Shareholders, investors, customers and business partners for their continuous support and trust.

Feng Lei
Executive Director and Chairman of the Board
March 27, 2024

Management Discussion and Analysis

MARKET OVERVIEW

China has the world's largest road freight transportation market, with a market size of up to RMB7 trillion. The road freight transportation market can be further divided into three major segments according to freight weight — namely, express delivery, LTL, and FTL — where FTL comprises the largest segment in the road freight transportation market.

Despite the size of the FTL market, it remains highly fragmented overall. The traditional FTL market in China has encountered challenges including: (i) a lengthy and opaque transaction process, resulting in both low efficiency and waste of social resources; (ii) unmet needs in both stable supply, and stable demands in transportation resources; (iii) lack of control over the transportation resources provided by external truckers; (iv) lack of protection for truckers' rights; and (v) the loose market structure of the FTL market which increases the difficulty of government regulation.

The emergence of digital freight platform brings new changes to China's FTL market. Facing the difficulties, pain points and focuses of the FTL market, a digital freight platform has the ability to digitize real-time scenarios, the ability to use digital technology to help logistics companies to improve their transportation capacity and supply chain capabilities, as well as the ability to break cross-end data and strengthen the data linkage and information sharing between the logistics companies and cargo owners. Digital freight platform reshapes the structure of the road freight transportation market through digital freight, and creates a new digital freight ecosystem. For government departments, the digital freight platform can help monitoring the business of transportation more effectively. For the FTL market, the digital freight platform can reduce intermediate links, build a transparent, efficient and stable trucks and drivers supply chain, and realize high-quality delivery under the premise of occupying minimum amount of transportation resources. For logistics companies, the digital freight platform can help them get rid of the vicious "low-price competition" and turn to an orderly "value competition".

Driven by both market demand and policy support, the digital freight transportation industry is developing rapidly. According to the data from the National Bureau of Statistics, the volume of road freight transport increased by 8.68% year-on-year compared to 2022, while the total volume of orders completed through digital freight platforms grew by 40.9% compared to the same period in 2022, reflecting a further increase in the digital penetration rate in the road freight transport industry. However, at the same time, the competition in the industry was increasingly fierce. According to the statistics on digital freight transportation information interaction system published by the Ministry of Transportation, as of December 31, 2023, there were 3,069 enterprises operating digital freight transportation platforms in the PRC, representing an increase of approximately 20.97% compared to the same period in 2022. As a vertical market segment in the industrial internet, the digital freight industry is still at a relatively early stage of development, and the influx of a large number of digital freight platforms and the relative lag in policy and regulation have also brought about problems such as the varying levels of development and standardization of enterprises in the industry.

We also saw that the digital freight transportation industry has been evolving from a rapid growth stage to a regulated development stage, and customers are paying more attention to the substantive value of digitalization. Digital freight is deeply integrated with the modern logistics industry through digital technology, integrated into the real economy supply chain service links, and supports high-quality economic development with high-performance logistics services. The transparent, clear and standardized data indicators of the digital freight transportation platform will also become an important starting point for government departments to regulate the industry.

We believe that leading companies will benefit in the long run from the macroeconomic recovery, the rapid increase in the penetration of digitalization in the road freight industry, and the advancement of the entire digital freight transportation industry towards a more mature stage of development.

Management Discussion and Analysis

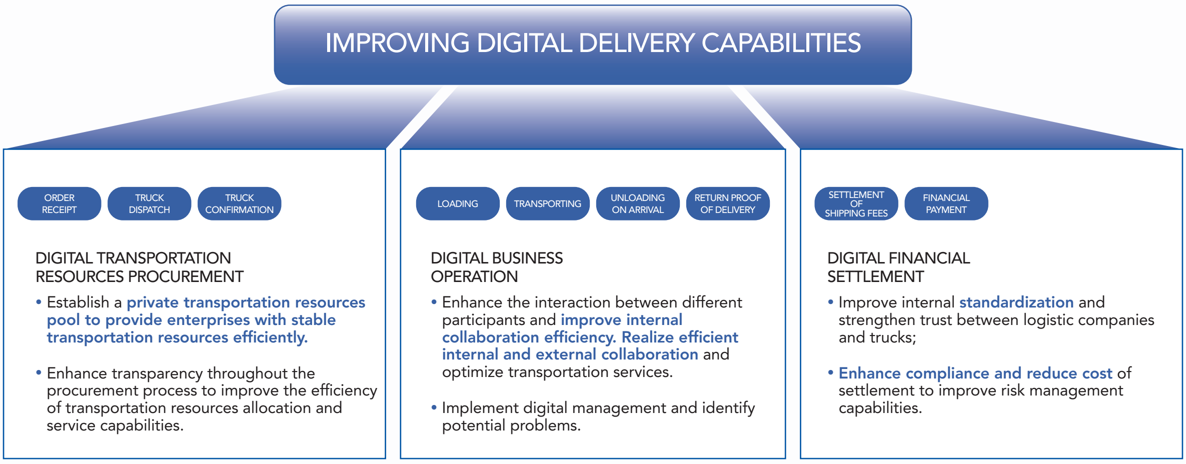
GROUP OVERVIEW

Based on more than 20 years of practical experience in digital innovation, we provide business scenarios to support the iterative upgrading and rooting of digital freight transportation with our digital freight service, and explore innovative business models for digital transformation of the logistics industry. We have built a digitalized ecosystem for road freight transportation in China. According to the China Federation of Logistics and Purchasing, in terms of Online GTV, freight volume and other indicators, we operate the largest digital freight platforms in China. Our platform provides digital freight services and solutions to shippers, such as logistics companies and cargo owners, as well as truckers in both inter-city and intra-city road freight transportation. Our Company's digital layout is divided into three major links: digital transportation resources procurement, digital business operation, and digital financial settlement. From the establishment of a private transportation resources pool to realize efficient direct procurement of transportation resources to breaking down departmental barriers and logistics companies boundaries, to realize efficient internal and external collaboration, to the linkage of business and finance and standardized settlement, we help logistics companies implement the strategic goals of "full transparency of business process", "reduce costs and increase efficiency throughout the business process", and "provide all-round good service", and innovate the management and operation mode of logistics companies on this basis, realizing a leap forward from traditional to digitalization. We had served over 14,400 shippers and 3.2 million truckers who had completed an aggregate of over 46.5 million shipping orders on our platform from the inception of our digital freight business to December 31, 2023. The aggregate amount of shipping fees (including VAT) settled on our platform from transactions fulfilled through us as a statutory carrier under PRC law, which we refer to as our Online GTV, amounted to RMB34.4 billion during the year ended December 31, 2023. Our platform has consistently maintained a high level of annual retention rate, with annual retention rates of 91.2% for our major shipper customers in 2023.

We seek to benefit and empower the participants in the ecosystem of road freight transportation industry, including shippers such as logistics companies and cargo owners, truckers, freight brokers, and other related service providers. We promote the collaboration between such ecosystem participants, enhance transparency and synergy in such collaboration through our digitalized services, and help such participants establish more balanced and reciprocal relationships through repeated transactions. On the one hand, our digital freight transportation solutions on the whole transportation process can, through digital transportation resources procurement, digital operation and digital financial settlement, enable logistics companies to establish online and offline interaction network in order to deliver transparent, efficient and stable logistics services. On the other hand, our digital freight transportation solutions on whole transportation process can also help logistics companies improve their capabilities in digitally-deliverable to cargo owners, by presenting the status during the entire order lifecycle and enabling cargo owners to access to the real-time order progress, which would demonstrate the ability of logistics companies to continuously provide cost-effective transportation services.

Management Discussion and Analysis

The following diagram illustrates Logory's digital freight transportation solutions on whole transportation process.



In 2023, we have created diverse digital products around the digital freight business needs of each participants in the upstream and downstream of the trucks and drivers supply chain. With the digitization of the trucks and drivers supply chain, the first worksite data generated by each business scenario can be recorded and transmitted at real-time. For our logistics company customers, when delivering transportation tasks to upstream cargo owners, all aspects of cargo transportation are visible to the upstream, realizing the simultaneous delivery of "cargo + data" and improving digital delivery capabilities. Through the linkage of digital systems and transportation resources, a stable transportation resource pool is formed which is mainly made up of mature capacity and supplemented by ordinary capacity. For the internal management of logistics companies, the entire business process digitization of the freight business breaks down the barriers between various departments within the logistics companies, helps logistics companies establish digital links with various participants in the freight business, achieves a high degree of collaboration among various participants as well as enables precise management of logistics projects.

In addition to our digital freight platform, we also operate Trucker Community, an "online + offline" community for truckers. It is the largest community for truckers in China and the largest community in the logistics industry in China, in terms of the number of registered users. As of December 31, 2023, the number of registered users of Trucker Community amounted to more than 3.4 million. We have accumulated a large and loyal user base of truckers over the past decade, which enabled us to establish in-depth collaboration with a variety of partners in order to resolve the problems truckers encountered in "business, production and life" and improve truckers' social status, work environment and living conditions.

Management Discussion and Analysis

BUSINESS OVERVIEW

Our Business Model and Service Offerings

We have cultivated a vibrant digital ecosystem for road freight transportation in China, and we are committed to providing a series of solutions to connect and serve ecosystem participants. Our business primarily consists of three components: digital freight business, Trucker Community (卡友地帶) and Trucker's Membership Services.

Digital Freight Business

We satisfy the freight needs of shippers through our digital freight business. We provide two types of services through our digital freight business, namely freight transportation services and freight platform services. In the process of deepening the digitization of the road freight transportation industry, we uphold long-termism and based on the first work site data to ensure the "endogenous compliance" of the data from the source. The comprehensive digitization of grassroots transportation resources also promotes the digitization of the entire freight transportation business process. Our digital freight transportation business has built digital delivery capabilities from three links including digital transportation resources procurement, digital operation and digital financial settlement. Our digital freight transportation business has visually presented the entire business process, realized efficient collaboration within logistics companies, and improved the agility and trucks and drivers supply chain.

Freight Transportation Services

We provide digital freight transportation services as a carrier, as we address the shipping demand from the shippers with appropriate road freight transportation resources, based on our analysis of the shippers' business. Our freight transportation services are usually provided to customers in the industries with a high degree of standardization in logistics transportation such as bulk cargo. In 2023, in the face of the market changes with declining demand for freight transportation and increasing internal driving forces of cargo owners to reduce costs and increase efficiency, bulk cargo shippers rely on our digital products and solutions to form a differentiated competitive advantage and gradually improve their qualities of delivery of bulk cargo transportation. The real-time recording of the first work site data by the digitalization of entire freight business process helps bulk cargo shippers to refine the management of logistics projects and maintain or increase profits. We have an in-depth integration between our digital solutions for different business scenarios and the internal operation flow of the logistics companies. For the year ended December 31, 2023, Online GTV of our freight transportation services amounted to approximately RMB5.8 billion.

Freight Platform Services

When we provide freight platform services, our focus is on connecting and facilitating the coordination between shippers and truckers. Our freight platform services mainly target shippers for consumer commodities who generally have customized requirements as the shipping process for consumer commodities is relatively complicated. Logistics companies engaged in freight platform services often need to cooperate with multiple participants in the trucks and drivers supply chain to complete each transportation demand during logistics project operations. With digital transportation resources procurement, digital business operation and digital financial settlement, we break down the barrier between working systems of various departments, achieving efficient collaboration and organizational management within logistics companies. At the same time, the digitization of the entire business process of the freight transportation business enables real-time recording of the data generated by each business process, and systematic data presentation and analysis. The digital products and solutions for the whole transportation process are designed to improve logistics companies' digitalization capabilities to and to deliver transparent, efficient, stable and modernized "trucks and drivers supply chain". For the year ended December 31, 2023, Online GTV of our freight platform services amounted to approximately RMB28.6 billion.

Trucker Community and Trucker's Membership Services

We operate Trucker Community, a community in the logistics industry in China and the largest community for truckers in China. We are committed to creating a community for communication and mutual support among truckers in the road freight transportation industry to facilitate their communication, discovery of business opportunities and enjoying social life. Truckers can gain access to Trucker Community through a wide variety of portals, including the mobile application we developed for Trucker Community, our official accounts on social media platforms such as Douyin , Kuaishou, WeCom, and the offline activities organized by offline communities of Trucker Community.

Through years of operation, our Trucker Community has become as a reliable self-organized community. As of December 31, 2023, the number of registered users of Trucker Community amounted to more than 3.4 million and the number of followers of our social media accounts amounted to approximately 3.7 million.

We have established and assisted to manage offline communities of Trucker Community in 298 cities in the PRC, which are self-organized by local truckers.

The distribution of our offline communities is set out below.

We set up help centers in our online community to provide free legal aid to the truckers and help them resolve problems encountered in their business, work and life. We also collaborated with external partners to provide truckers with access to insurance coverage such as accidental hospitalization medical coverage and accidental injury and death medical coverage. We also advocate for transportation safety of truckers through our mobile application of Trucker Community and social media platforms to enhance the driver safety consciousness of truckers and hence lower the occupational risks of truckers.

Our Trucker Community and Trucker's Membership Services provide strategic value complement to our digital freight business, and such three business lines generate strong synergies. The large and loyal user base of Trucker Community provides stable and efficient supplemental road freight transportation resources for our digital freight platform. At the same time, our digital freight platform attracts more truckers to access, and become loyal members of, Trucker Community. In addition, the demands for truck sales and aftermarket services by truckers on our platform also underpin the significant market potentials for our Trucker's Membership Services. The synergy among our business lines reinforces each other, allowing us to enhance our brand image and better serve our customers.

Set forth below are certain operating metrics of our Trucker Community during the Reporting Period:

	Twelve months ended December 31, 2023
Number of Converted Truckers [1] (thousand)	**243.9**
Online GTV fulfilled by Converted Truckers (RMB billion)	**7.1**
Shipping orders fulfilled by Converted Truckers (thousand)	**1,446.9**
Breakdown by:	
Freight transportation services (thousand)	**82.8**
% of total freight transportation service shipping orders (%)	**5**
Freight platform services (thousand)	**1,364.1**
% of total freight platform service shipping orders (%)	**19.5**
Percentage of truckers converted from Trucker Community to our digital freight platform [2] (%)	**21.3**

Notes:

(1) "Converted Truckers" refer to trucker users who fulfilled shipping orders on our digital freight platform after they registered on Trucker Community.

(2) Defined as the ratio of the Converted Truckers as of the end of a given period to the total trucker users registered on Trucker Community as of the end of such period.

Management Discussion and Analysis

Truckers on our Trucker Community platform serve as supplemental resources in fulfilling shipping orders on our platform, while the majority of shipping orders are fulfilled by other truckers on our digital freight platform who have not joined Trucker Community. The number of Converted Truckers in 2023 remained at a steady level as compared with 2022 and recorded approximately 243.9 thousand (2022: 253.1 thousand). The percentage of truckers converted from Trucker Community to our digital freight platform increased from 20.4% in 2022 to 21.3% in 2023 and remained at a reasonable level. In general, the performance of Trucker Community in terms of its conversion capabilities was within the expectation of the Company's management during the Reporting Period.

Our Ecosystem

We have cultivated an ecosystem through our platform, which connects truckers, shippers, freight brokers, truck sellers, truck aftermarket service providers and other participants in the ecosystem. We have cultivated an ecosystem that values the interests of all participants. We encourage and promote a solid cooperative relationship of mutual trust and benefits among all ecosystem participants through enhanced digitalization and transparency throughout the process. We enhanced the division of responsibilities among ecosystem participants and improved their synergies.

The following diagram illustrates the interaction among different participants within our ecosystem.

We integrate our technological applications and service model innovations into all aspects of the road freight transportation industry, providing a full range of digital application solutions. To be specific, our digital freight industry ecosystem is centered on truckers at the bottom of the transportation supply chain, and continues to strengthen the links between truckers, shippers (logistics companies and cargo owners), freight brokers and our digital freight platform. Through "digital collaboration" within logistics companies, we promote cost reduction and efficiency increase in the whole process of transportation. We provide shippers with the "transportation business operation + business data delivery" services to break the "supply chain black box" and allow shippers to grasp the transportation status in a timely manner. We utilize digital applications and solutions to enhance the delivery capability of logistics companies and help them establish closer links with their customers (cargo owners). Through "digital links" with surrounding industrial resources, we provide comprehensive and high-quality services for all aspects of the road freight transportation business.

Set forth below are the key participants that benefit from our ecosystem, and the value propositions our ecosystem offers them:

- *Shippers:* Shippers constitute the direct customers of our digital freight business. Our shipper customers primarily include logistics companies of all sizes and background. To a lesser extent, we also serve cargo owners with needs for freight transportation services. In 2023, shippers that had completed shipping orders on our digital freight platform amounted to 6,619; and as of December 31, 2023, the cumulative number of shippers that had completed shipping orders on our platform reached 14,415, representing an increase of 2,418 from the end of 2022. In 2023, the number of shipping orders completed on our platform amounted to approximately 8.7 million, and the Online GTV on our platform amounted to approximately RMB34.4 billion.

- *Truckers:* Truckers constitute the suppliers of road freight transportation resources for our digital freight business. We strive to empower truckers with better business opportunities, social communities and work capacities through our digital freight business, Trucker Community and Trucker's Membership Services, respectively. As at December 31, 2023, the number of truckers who had completed shipping orders on our platform amounted to 3.2 million, and the number of truckers who had newly registered on our Trucker Community platform amounted to 3.4 million, representing an increase of 0.2 million from the end of 2022. We consider truckers who complete at least four orders on our digital freight platform in a given year or a given period to be active truckers, who completed more than 80% of the total amount of sales orders on our platform in 2023. In 2023, the number of active truckers on our platform amounted to 392.3 thousand.

- *Freight brokers:* Traditionally freight brokers serve as an intermediary between shippers and truckers, who select truckers for shippers and coordinate with both sides. In our case, the major function of freight brokers is to introduce truckers to our digital freight platform. In some cases, freight brokers also assist with the vetting of, and coordination with, such truckers. We believe that freight brokers play an important role in our ecosystem by bringing additional truckers to our platform and facilitating the coordination and communication with truckers.

- *Other ecosystem participants:* Other ecosystem participants, such as truck aftermarket service providers, truck sellers, insurance companies and other financial institutions are connected to truckers on our platform through the truck aftermarket services available on our platform.

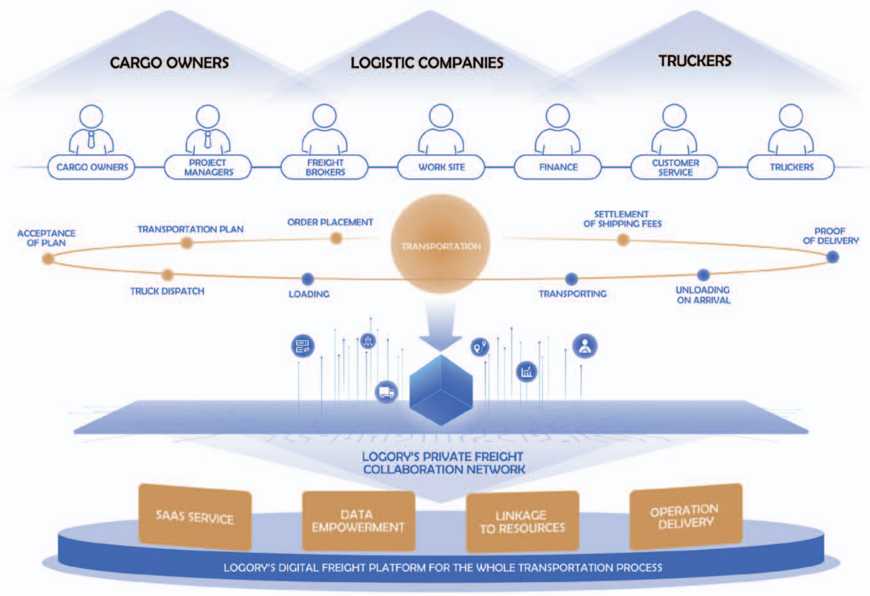
Our Technology and Digitalized Products

We newly released DDCS (Digitalization-Driven Customer Success) workspace. DDCS is a digital collaboration platform that achieves direct communication between customers, our internal operations, and product design and research and development teams. DDCS has largely reduced the time to address customers' needs and enhanced customers' satisfaction.

Management Discussion and Analysis

We have completed the product upgrade of Logory Newland (路歌新大陸), which integrates software, data accumulation, resource integration and continuous operation capability, and will help logistics companies build their own capacity collaboration network. We break down the whole process of freight transportation business at first site from receiving the shipping orders of cargo owner to settling the shipping fees for the driver, into multiple work tasks and project them in the software of Logory Newland, so that various participants can carry out online operation around the work tasks, record and share business data in real time, and realize the real-time monitoring and analysis of the freight business and each work task by logistics companies. Through Logory Newland, the online "digital space" and the "physical space" of the first work site circulate and empower each other. The "digital space" continuously generates data and forms standards to constrain the transportation delivery in the "physical space" to improve the business operation efficiency of logistics companies. For the long-term operation and management of logistics companies, they can refer to the business data deposited in Logory Newland to monitor the quality of freight transportation and gradually form a set of digitalized cooperation rules between logistics companies and various participants in the trucks and drivers supply chain. Logory Newland helps logistics companies realize the transformation of their business models, breaks the previous chain working mode and information gaps of logistics companies, and allows logistics companies to build a free, private transportation resources collaboration network around logistics projects.

The following diagram illustrates the private transportation resources collaboration network around logistics projects that Logory Newland (路歌新大陸) helps logistics enterprises build.



Management Discussion and Analysis

Our Corporate Social Responsibility

We are committed to promoting drivers' membership through diversified and convenient service methods and taking advantage of digital technology. In August 2023, we officially launched the "Trucker Work Benefit Service Platform" (卡友工惠服務平台), which opened a new online "one-click membership" channel for truckers, simplifying the membership process, optimizing the approval efficiency, and realizing smooth operation of the entire online membership process. At the same time, based on the actual needs of truckers, we have strengthened position construction, linked online services such as driver homes, legal aid, and trade union benefits, organized offline discussions and exchange meetings, and launched projects such as truck care, safe driving reminders, and mutual aid guarantees to Service Promotion Association. As of the end of 2023, we have guided a total of 330,000 drivers to join the membership.

Relying on the online community of Trucker Community, we developed and launched the "Party Building Cloud Platform". Through the cloud organization construction of the platform, we launched "Cloud Registration", "Cloud Classroom", "Cloud Activities", "Cloud Mutual Assistance", "Cloud Feedback", "Cloud Style" and other sections to build an online communication and learning platform for mobile party members and drivers. By issuing a "red collection order" on the platform, we guide party members to reveal their identities and participate in organizational life. As of the end of the Reporting Period, we had recruited nearly 15,000 truckers who are party members, and established 26 mobile party groups of truckers and 52 party member driver volunteer service teams.

We always adhere to the core corporate values of altruism. We care about the community and do our best to deliver more goodwill, help more individuals in need, and seek more for our community neighbors' well-being. In the summer of 2023, we organized a condolence activity of "Send Coolness in Summer — Logory Charity Freezer" in the community where our office is located. By setting up Charity Freezers to help social workers such as takeaways, express delivery personnel and sanitation workers, the charity delivered iced drinks, covering a total of 3,240 people.

Our Milestones in 2023

Set out below are the important milestones of the Group's businesses for the year ended December 31, 2023:

(1) The Group won honors and awards in 2023

In 2023, the Group ranked 359 of top 500 private enterprises in China by the All-China Federation of Industry and Commerce, which has been the fourth consecutive year to be selected on the list; ranked 86 of top 100 private enterprises in China's service industry by the All-China Federation of Industry and Commerce; ranked 199 of top 500 service enterprises in China by the China Enterprise Confederation and the China Entrepreneurs Association and ranked 1 of top 100 private service enterprises in Anhui by the Anhui Federation of Industry and Commerce. In addition, the Group has been listed on and ranked 1 of the TOP10 list of digital freight platforms selected by the China Federation of Logistics and Purchasing for four consecutive years.

(2) The Company completed the initial public offering of the Company's H Shares on the Stock Exchange

On March 9, 2023, the Company's H Shares were listed on the Main Board of the Stock Exchange, being "the first digital freight stock" in Hong Kong.

(3) The Group successfully held the 9th I Love Trucker's Day

On May 2, 2023, the Company successfully held the 9th "I Love Truckers' Day (52卡友節)", which covered 28 provinces and cities, with more than 50 offline venues and more than 10,000 truckers attending on-site. At the meeting, the Company released the "Initiative on the Protection of Truckers' Employment", and joined hands with a number of head enterprises in the logistics industry to issue an initiative to all walks of life, exploring an effective path to protect the rights and interests of workers in the new employment pattern, and improving the environment for truckers' employment.

(4) The group took the lead in drafting the community standard "Requirements for Digitalization of Transportation Service Delivery" (《運輸服務交付數字化要求》), which was officially released

On September 21, 2023, at the special press conference on industrial internet of the 2023 World Manufacturing Convention, the community standard "Requirements for digitalization of transportation service delivery" (《運輸服務交付數字化要求》) which our Company took the lead in drafting, and completed together with 9 institutions including the University of Science and Technology of China and Anhui Industrial Internet Association, was officially released. The community standard applies to the proposed requirements for digital deliverables in transportation service bidding, as well as the delivery of digital deliverables in the process of transportation services of trunk logistics companies.

OUTLOOK

2024 is the second year after the successful listing of our H Shares on the Stock Exchange. Looking forward, we intend to seize the market opportunities in the digital freight industry in China and expand our businesses in the following directions.

- Given that digital freight is an integral part of digital China, and the new logistics industry formed under the "integration of digital economy and real economy (數實融合)" has taken the lead in the regulated development stage, we intend to be deeply involved in formulation and implementation of the relevant industry standards, association standards, business management norms so as to drive the regulated development of the industry as well as to accelerate the expansion of our digital freight platforms.

- We will continue to carry out organizational innovation, process innovation and scenario innovation from the inside out to improve the "digital delivery capability" of logistics companies. We will make the cargo owners truly feel the digital empowerment and experience better logistics services.

- Under the Interim Provisions on Accounting Treatment Relating to Enterprises' Data Resources issued by the Ministry of Finance in August 2023, digital assets are recognized as an asset in the balance sheet of an enterprise, helping the digital freight industry to improve quality and efficiency. We will continue to explore how business data generated from the first work site of freight transportation business, as a digital asset, can be reflected in the financial statements, and its asset value and business contribution.

- We will integrate industrial resources and social resources from the entire society to strengthen our community and commercial services for truckers and to build a digital service system for truckers.

We are committed to seizing the opportunities and leveraging advantages brought by our listing status to achieve the leapfrog in our business development.

FINANCIAL REVIEW

Revenue

The Group generated revenue predominantly from our digital freight business, by providing freight transportation services and freight platform services. During the Reporting Period, the Group's total revenue was approximately RMB5,616.2 million, representing a decrease of approximately RMB588.3 million, or approximately 9.5%, from approximately RMB6,204.5 million for the year ended December 31, 2022. The decrease in revenue was mainly due to (i) the lower-than-expected growth in logistics market demand in 2023; and (ii) a decrease in our Online GTV due to the more intensive competition in the logistics market in 2023 as compared to the years before.

The table below sets forth the revenue by types of goods or services, shown in actual amounts and as percentage to total revenue for the years indicated:

	Year ended December 31,				
	2023		2022		year-on-year
	RMB'000	**%**	RMB'000	%	% change
Revenue from freight transportation services	**5,318,544**	**94.7**	5,880,150	94.8	-9.6
Revenue from freight platform services	**278,925**	**4.9**	303,584	4.9	-8.1
Sale of goods	**3,120**	**0.1**	8,444	0.1	-63.1
Others[1]	**15,627**	**0.3**	12,295	0.2	27.1
Total	**5,616,216**	**100.0**	6,204,473	100.0	-9.5

Note:

(1) Others primarily include referral services for the sale of second-hand trucks, advertisement services, rental income and other value-added services.

Cost of revenue

During the Reporting Period, the Group's cost of revenue was approximately RMB5,303.0 million, representing a decrease of approximately RMB559.7 million, or approximately 9.5%, from approximately RMB5,862.7 million for the year ended December 31, 2022. This was mainly due to the decline in the Online GTV of the Company in 2023 which resulted in a corresponding decrease in shipping cost paid by the Company to truckers.

Gross profit and gross profit margin

As a result of the above, gross profit decreased by approximately RMB28.5 million or approximately 8.3% from approximately RMB341.8 million for the year ended December 31, 2022 to approximately RMB313.3 million for the year ended December 31, 2023. Gross profit margin increased from approximately 5.5% for the year ended December 31, 2022 to approximately 5.6% for the year ended December 31, 2023. The gross profit margin remained relatively stable.

Other income and gains

Other income and gains of the Group increased by approximately RMB0.9 million or approximately 2.9% from approximately RMB30.8 million for the year ended December 31, 2022 to approximately RMB31.7 million for the year ended December 31, 2023, which is comprised of: (i) bank interest income of approximately RMB8.1 million; (ii) the government grants (other than those related to digital freight businesses) of approximately RMB17.6 million; and (iii) others of RMB6.0 million. Such increase was primarily attributable to increase in interest income as the Company's fixed deposit increased.

Selling and marketing expenses

During the Reporting Period, the Group's selling and marketing expenses amounted to approximately RMB125.4 million, representing a decrease of approximately RMB10.8 million, or approximately 7.9%, from approximately RMB136.2 million for the year ended December 31, 2022, mainly due to the decrease in the number of employees which resulted in decrease in staff costs and travel expenses.

Administrative expenses

Our administrative expenses primarily consist of staff costs, share-based payments, depreciation and amortization and office expenses, among others. During the Reporting Period, the Group's administrative expenses amounted to approximately RMB95.0 million, representing a decrease of approximately RMB7.1 million, or approximately 7.0%, from approximately RMB102.1 million for the year ended December 31, 2022, mainly due to the decrease in listing expenses.

Research and development expenses

During the Reporting Period, the Group's research and development expenses amounted to approximately RMB79.9 million, representing an increase of approximately RMB3.7 million or approximately 4.9% from approximately RMB76.2 million for the year ended December 31, 2022, mainly due to the increase in the staff cost for research and development personnel.

Impairment of financial and contract assets, net

During the Reporting Period, the Group's impairment of financial and contract assets was approximately RMB12.3 million, mainly consisting of loss on account receivables and receivables from shippers for shipping fees resulting from the credit impairments of our customers, representing an increase of approximately RMB3.8 million or approximately 44.7% from approximately RMB8.5 million for the year ended December 31, 2022, mainly due to the longer aging of certain other receivables which led to larger impairment charges.

Other expenses

During the Reporting Period, the Group's other expenses mainly consist of taxes and surcharges, net of government grants related to digital freight business, the amount of which was approximately RMB60.9 million, representing an increase of approximately RMB16.7 million, or approximately 37.8%, from approximately RMB44.2 million for the year ended December 31, 2022, mainly due to increase in taxes and surcharges.

Finance costs

Our finance costs mainly consist of interest on bank loans and other borrowings. During the Reporting Period, the Group's finance costs amounted to approximately RMB2.5 million, representing a decrease of RMB1.4 million, or 35.9%, from approximately RMB3.9 million for the year ended December 31, 2022. The decrease was mainly due to the decrease in other borrowings of the Company in 2023.

Income tax credit

During the Reporting Period, the Group recorded income tax credit of approximately RMB2.7 million, while the income tax credit for the year ended December 31, 2022 was approximately RMB1.4 million. This was mainly due to an increase in deferred tax assets recognized by the Company in respect of deductible tax losses.

(Loss)/Profit for the year

As a result of the above, during the Reporting Period, loss attributable to owners of the Company was approximately RMB29.6 million (2022: profit of approximately RMB1.4 million).

Other Financial Information (Non-IFRS measures): Adjusted net profit

To supplement the Group's consolidated results which are prepared and presented in accordance with IFRSs, we also use adjusted profit or loss (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with the IFRSs. We believe that adjusted profit or loss (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of the adjusted profit or loss (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted profit or loss (non-IFRS measure) is presented herein as an analytical tool for illustrative purposes only, and should not be considered in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under the IFRSs.

The following tables set forth reconciliations of the Group's non-IFRS measures for the years ended December 31, 2023 and 2022 to the nearest measures prepared in accordance with IFRSs.

	For the year ended December 31,				
	2023	**% of total revenue**	2022	% of total revenue	year-on-year % change
	RMB'000	**%**	RMB'000	%	%
(Loss)/Profit for the year	**(29,623)**	**-0.53**	1,393	0.02	-2,226.56
Adding back or excluding					
Share-based payments(1)	**26,972**	**0.48**	17,665	0.28	52.69
Listing expenses related to the Global Offering	**3,104**	**0.06**	26,051	0.42	-88.08
Non-IFRS measures					
Adjusted net profit	**453**	**0.01**	45,109	0.72	-99.00

Note:

(1) We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Such share-based payments are non-cash in nature.

Management Discussion and Analysis

Our adjusted profit (non-IFRS measure) during the Reporting Period amounted to approximately RMB0.5 million, representing a decrease of RMB44.6 million, or 99.0%, from approximately RMB45.1 million in 2022, which was mainly attributable to (i) the lower-than-expected growth in logistics market demand in 2023; (ii) a decrease in our Online GTV due to the more intensive competition in the logistics market in 2023 as compared to the years before; and (iii) an increase in our research and development expenses as we continued to assist logistics companies to undergo digital upgrade of the whole transportation process with an aim to improve our service capability and operation efficiency.

Liquidity and Financial Resources, Treasury Policies and Capital Structure

As at December 31, 2023, the Group had current assets of RMB2,322.5 million (December 31, 2022: RMB2,069.7 million), representing an increase of approximately RMB252.8 million or 12.2%, mainly due to the increase in prepayments, other receivables and other assets, trade and notes receivables, partially offset by the decrease in financial assets at fair value through profit or loss. The Group had current liabilities of RMB1,776.6 million (December 31, 2022: RMB1,617.9 million), representing an increase of approximately RMB158.7 million or 9.8%, mainly due to increases in trade payables, interest-bearing bank and other borrowings. The current ratio was 1.31 as at December 31, 2023 as compared with 1.28 as at December 31, 2022, equals to total current assets divided by total current liabilities as of the end of the year.

As at December 31, 2023, the Group's cash and cash equivalents amounted to approximately RMB517.9 million which was mainly from bank borrowings and funds raised from the listing of the H Shares. As at December 31, 2023, the Group had bank borrowings of RMB120 million (December 31, 2022: Nil). The Group monitors and maintains cash and cash equivalents to a level that management believes to be sufficient to meet the Group's operating needs.

The Group has adopted a prudent financial management approach towards its treasury policies to ensure the liquidity requirements from daily operation as well as capital expenditures are met. The Board closely monitors the Group's liquidity positions, while surplus cash will be invested appropriately with the consideration of the credit risks, liquidity risks and market risks of the financial instruments.

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital since the Listing Date and up to the date of this annual report.

The H Shares have been listed on the Stock Exchange since the Listing Date. There has been no change in the capital structure of the Company since the Listing Date and up to the date of this annual report. The capital of the Company comprises ordinary shares including the Domestic Shares and H Shares.

Capital Expenditures

During the Reporting Period, the Group's capital expenditures amounted to approximately RMB3.9 million, which primarily consist of purchase of properties, plants and equipment and purchase of intangible assets. We funded our capital expenditure requirements during the Reporting Period mainly from cash generated from operating activities.

Inventories

During the Reporting Period, the Group's inventories amounted to approximately RMB3.8 million, representing an increase of approximately RMB1.4 million or approximately 58.3% from approximately RMB2.4 million for the year ended December 31, 2022, mainly due to the increase in fuel inventory of the Company.

Trade and Notes Receivables

During the Reporting Period, the Group's trade and notes receivable amounted to approximately RMB142.8 million, representing an increase of approximately RMB18.9 million or approximately 15.3% from approximately RMB123.9 million for the year ended December 31, 2022, mainly due to the year-on-year increase in freight transportation services business volume in the fourth quarter of 2023 compared with the same period in 2022.

Trade Payables

During the Reporting Period, the Group's trade payables amounted to approximately RMB155.3 million, representing an increase of approximately RMB46.6 million or approximately 42.9% from approximately RMB108.7 million for the year ended December 31, 2022, mainly due to the year-on-year increase in freight transportation services business volume in the fourth quarter of 2023 compared with the same period in 2022.

Prepayments, Other Receivables and Other Assets

During the Reporting Period, the Group's prepayments, other receivables and other assets amounted to approximately RMB1,633.0 million, representing an increase of approximately RMB268.6 million or approximately 19.7% from approximately RMB1,364.4 million for the year ended December 31, 2022, mainly due to longer settlement period of freight platform services business as affected by the macro environment.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2023, we had 912 full-time employees, all of whom were based in China. The number of employees employed by the Group may change from time to time as required and employee emoluments are determined with reference to market conditions and the performance, qualifications and experience of individual employees.

As part of our human resources strategies, we are committed to establishing a competitive and fair remuneration and benefits system. Compensation for our employees typically consists of basic salary and performance-based bonus. We provide our employees with benefits such as pension scheme, medical insurance, workplace injury insurance, unemployment insurance and housing providence funds in accordance with relevant PRC laws and regulations. We offer employees additional benefits such as additional commercial insurance, among other things. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies through market research.

We provide training sessions tailored to the needs of our employees in different functions. Topics covered by such training sessions include our corporate culture, internal rules and policies and professional knowledge, know-hows and skills. We also provide training to management and administrative personnel at all levels, in order to enhance their leadership capabilities. Such training sessions are conducted in both online and offline forms.

PLEDGE OF ASSETS

As of December 31, 2023, the Group did not pledge any assets as collateral for bank borrowings or any other financing activities (December 31, 2022: nil).

Management Discussion and Analysis

CONTINGENT LIABILITIES

As of December 31, 2023, the Group did not have any material contingent liabilities.

SHARE PLEDGE

During the Reporting Period, there is no pledge by our Controlling Shareholders of their interests in the Shares to secure the Company's debts or to secure guarantees or other support of its obligation before the Listing.

BORROWING AND GEARING RATIO

As at December 31, 2023, the Group had bank borrowings of RMB120 million (December 31, 2022: Nil) while it did not have other borrowings (December 31, 2022: RMB0.5 million). Please refer to note 26 to the consolidated financial statements in this annual report for more details of the interest rate.

As of December 31, 2023, our gearing ratio, calculated as net debts (including borrowings, lease liabilities) divided by the total equity as at the end of the year, was approximately 22.6%.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

For the year ended December 31, 2023, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As of December 31, 2023, we did not have plans for material investments and capital assets.

EXPOSURE TO FLUCTUATIONS IN FOREIGN EXCHANGE RATES

The Group's business operations are mainly conducted in the PRC with most of the transactions settled in RMB, being the Group's functional currency. The Board considers that the Group's business is not exposed to any significant foreign exchange risk as there are no significant financial assets or liabilities of the Group that are denominated in the currencies other than the respective functional currencies of the Group's entities.

During the Reporting Period, the Group neither took part in any derivatives activities nor entered into any hedging activities in respect of foreign exchange risk.

SHARE OPTION SCHEME AND TRAINING PROGRAM

During a period from the Listing Date and up to the date of this annual report, the Group has no share option scheme. The Group provides its employees with a comprehensive training program which it believes will enable them to effectively acquire the necessary skills and professional ethics. The Group participates in mandatory employee social security scheme organized by provincial and municipal governments in accordance with PRC laws, including endowment insurance, unemployment insurance, maternity insurance, work-related injury insurance, medical insurance and housing provident fund. The Group and its employees are required to pay a specified percentage of the cost of the social security scheme. The Group is required to contribute directly to the employee social security scheme at a specified percentage of the employees' salaries, bonuses and certain allowances in accordance with PRC laws, and the amount of contribution shall not exceed the maximum amount prescribed by the local government from time to time.

SIGNIFICANT INVESTMENT AND MATERIAL EVENT DURING THE REPORTING PERIOD

The Board is not aware of any significant investment and events which could have a material impact on our operating and financial performance for the year ended December 31, 2023.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Save as disclosed in note 42 to the consolidated financial statements in this annual report, the Group is not aware of any significant events which could have a material impact on our operating and financial performance after the Reporting Period.

Biographies of Directors, Supervisors and Senior Management

Below are the brief profiles of our current Directors, Supervisors and senior management.

DIRECTORS

The Board currently comprises eight Directors, of which four are executive Directors, one is non-executive Director and three are independent non-executive Directors.

Executive Directors

Mr. Feng Lei (馮雷), aged 53, is an executive Director and the chairman of the Board. Mr. Feng is also one of the founders and promoters of our Company. Mr. Feng joined our Company as a Director and chairman of the Board in June 2010 and was re-designated as an executive Director of our Company in October 2021. Mr. Feng has nearly 30 years of experience and accumulated expertise in information technology sector. Mr. Feng is principally responsible for formulating overall strategic planning and overseeing the business operations of our Group. In addition to his directorship in our Company, Mr. Feng is currently also serving as an executive director or supervisor at certain of our subsidiaries.

In addition to his roles in our Group, Mr. Feng has also been a director of Anhui Jika Lubrication Technology Co., Ltd.* (安徽吉卡潤滑科技有限公司) ("**Anhui Jika**") (since November 2017), an associate company of our Group that is principally engaged in research and development of lubrication technology and manufacturing of lubricant products. As of the Latest Practicable Date, Anhui Jika was owned as to 40% by Kayou Zone Logistics, one of our wholly-owned subsidiaries, and 60% by Anhui Runtian Vehicle Maintenance Products Co., Ltd.* (安徽潤天汽車養護用品有限公司), an independent third party. Mr. Feng has also been serving as the director of Tianjin Qingkong Shoulu Supply Chain Management Co., Ltd.* (清控首路供應鏈管理(天津)有限公司) ("**Tianjin Qingkong**") since January 2019. Tianjin Qingkong is an associate company of our Group which is principally engaged in the provision of highway-railway combined freight transportation services. As of the Latest Practicable Date, Tianjin Qingkong was owned as to (i) 30% by our Company, and (ii) 40% by Capital Railway Resources & E-Business (Tianjin) Co., Ltd.* (首鐵資源電子商務(天津)有限公司), 20% by Beijing Star International Energy Investment Co., Ltd.* (北京斯塔國際能源投資有限公司) and 10% by Taiheda (Tianjin) Enterprise Management Partnership (Limited Partnership)* (泰和達(天津)企業管理合夥企業(有限合夥)), which are all independent third parties.

Mr. Feng received his bachelor's degree in telecommunications engineering from Beijing University of Post and Telecommunications (北京郵電大學) (formerly known as Beijing College of Post and Telecommunications (北京郵電學院)) the PRC, in July 1992. He later received a master's degree in telecommunications and control from Beijing Jiaotong University (北京交通大學) (formerly known as Northern Jiaotong University (北方交通大學)), the PRC, in April 1998. In June 2004, Mr. Feng obtained his MBA degree from School of Economics & Management at Tsinghua University (清華大學經濟管理學院), the PRC.

In 2016, Mr. Feng was recognized as China's Top Ten Logistics People of the Year (中國物流十大年度人物). In 2018, Mr. Feng was recognized as the Top Ten Influential People in Logistics Information Platform (物流信息化十大風雲人物) and Member of China Logistics 100 Think Tank (中國物流100人智庫成員). In 2021, Mr. Feng was recognized as the Outstanding Private Entrepreneur of Anhui Province (安徽省優秀民營企業家) and was awarded a May 1st Labor Medal in Hefei, Anhui Province (安徽省合肥市五一勞動獎章). In 2022, Mr. Feng was elected as the vice president of Anhui Provincial Federation of Industry and Commerce, as well as a member of the 13th Executive Committee of the National Federation of Industry and Commerce.

In 2023, Mr. Feng was recognized as the China's supply chain management pioneer (中國供應鏈管理先鋒人物) and "Warm Road Truck Driver Career Development and Security Action" excellent public welfare partner ("暖途•貨車司機職業發展與保障行動"優秀公益夥伴).

Save for that Mr. Feng and Mr. Ye Sheng (one of our executive Directors) are cousins, none of our Directors, supervisors and other senior management members has any relationship with other Directors, supervisors and other senior management members or any substantial shareholder or Controlling Shareholder.

Biographies of Directors, Supervisors and Senior Management

Mr. Du Bing (杜兵), aged 54, is currently an executive Director, the chief executive officer and the general manager of our Company. Mr. Du is one of the founders and promoters of our Group. Mr. Du joined our Company as a Director in June 2010 and was re-designated as an executive Director of our Company in October 2021. He is principally responsible for managing the daily business operations of our Group. Mr. Du is currently also an executive director and/or general manager of certain subsidiaries of our Group.

In addition, since September 2020, Mr. Du has been serving as non-executive director of Wuhu Luge Logistics Technology Co., Ltd.* (蕪湖路歌物流科技有限公司) ("**Wuhu Luge**"), a company invested by our Company and which is principally engaged in providing multi-modal transportation services including shipping and trucking. As of the Latest Practicable Date, Wuhu Luge was owned as to (i) 24% by our Company, and (ii) 40% by Anhui Ganghang Logistics Co., Ltd.* (安徽港航物流有限公司), 29.4% by Wuhu Honghao Equity Investment Partnership (Limited Partnership) * (蕪湖宏浩股權投資合夥企業(有限合夥)) and 6.6% by Tianjin Jintaishi Enterprise Management Partnership (Limited Partnership)* (天津金泰石企業管理合夥企業(有限合夥)) ("**Tianjin Jintaishi**"), who are independent third parties. Further, since January 18, 2022, Mr. Du has been serving as a director and the chairman of the board directors of Xinjiang Zhongya Log Digital Technology Co., Ltd* (新疆中亞路歌數字科技有限公司) ("**Xinjiang Zhongya**"), a company jointly set up by our Company and a few other independent third parties (see details below) and which is principally engaged in the provision of bulk cargo services. Mr. Du was nominated by our Company to the board of directors of Xinjiang Zhongya. As of the Latest Practicable Date, Xinjiang Zhongya was owned as to (i) 46% by our Company, and (ii) 21% by Ms. Yu Haijie (于海潔), 18% by Xinjiang Zhongya Oil and Gas Co., Ltd* (新疆中亞石油天然氣有限公司), 10% by Xinjiang Guoxing Agricultural Development Group Co., Ltd* (新疆國興農業發展集團有限公司) and 5% by Tianjin Jintaishi, which are all independent third parties. As of the Latest Practicable Date, Mr. Du was not involved in the daily management and operation of Wuhu Luge and Xinjiang Zhongya. As such, the directorship held by Mr. Du in Wuhu Luge and Xinjiang Zhongya would not give rise to any material competition issue under Rule 8.10 of the Listing Rules.

Mr. Du has also been serving as the chairman of the board of supervisors of Tianjin Qingkong since January 2019. In addition, Mr. Du has been serving as the supervisor of Beijing Lvyangchun Technology Co., Ltd.* (北京綠陽醇科技有限公司) ("**Beijing Lvyangchun**"), a company principally engaged in technology development and consultancy, since September 2020. As of the Latest Practicable Date, Beijing Lvyangchun was owned by Mr. Hao Xiaoyu (郝曉宇). To the best knowledge of our Directors after due enquiry, Mr. Hao Xiaoyu is an independent third party.

Mr. Du started his career as a salesman at China P&T Appliances Co., Ltd. (Beijing)* (中國郵電器材北京公司), a company principally engaged in the retail of communication terminal products and accessories, from August 1992 to September 1994. Subsequently, he acted as vice president at Beijing Jiangyu Jinse Zhongguang Communication Equipment Co., Ltd.* (北京金色中光通信設備有限公司), a company principally engaged in retailing of communication power products and surge protection device, from February 1997 to March 2001.

Mr. Du received his bachelor's degree in telecommunications engineering from Beijing University of Post and Telecommunications (北京郵電大學) (formerly known as Beijing College of Post and Telecommunications (北京郵電學院)), the PRC, in July 1992.

In 2020, Mr. Du was recognized as one of the 2020 digital Freight Platform Influential People (2020年度網絡貨運平台風雲人物). In 2022, Mr. Du was elected as the vice president of Hefei Federation of Industry and Commerce.

Mr. Ye Sheng (葉聖), aged 44, is an executive Director and the chief technology officer of our Company. Mr. Ye joined our Company as the chief technology officer in July 2010 and was elected as a Director of our Company in September 2021 and was further re-designated as an executive Director in October 2021. He is principally responsible for developing technology strategies and innovation projects to enhance the quality of the products and services provided by our Group. Mr. Ye is currently also an executive director or supervisor of certain subsidiaries of our Group.

Prior to joining our Group and from December 2002 to July 2010, Mr. Ye served as chief technology officer at Beijing Yihe Jiaxun where his main duties were overseeing technology innovation projects and developing product strategies. Mr. Ye worked as a supervisor at Anhui Ningge from July 2018 to September 2021 and as a supervisor of Lianjiang Jinwang Yuntong and Lianjiang Huilian from November 2018 to September 2019.

Mr. Ye received a bachelor's degree in science from Nanjing University (南京大學), the PRC, in July 2001.

Mr. Ye and Mr. Feng Lei (one of our executive Directors and the chairman of the Board) are cousins.

Ms. Wang Yao (王瑤), aged 49, is an executive Director and the chief financial officer of our Company. Ms. Wang joined our Company as the chief financial officer in August 2019 and was elected as an executive Director of our Company in October 2021. Ms. Wang is primarily responsible for overseeing overall financial management and risk control of our Group. Ms. Wang has more than 21 years of experience in large-scale enterprise financial management and team management.

Prior to joining our Group and from May 2017 to July 2019, Ms. Wang worked as a senior director of the Finance Department at Alibaba Group Holding Limited (阿里巴巴集團控股有限公司), a company listed on the New York Stock Exchange (symbol: BABA) and the Stock Exchange (stock code: 9988), principally engaged in e-commerce, retail, internet and technology, where she was in charge of management accounting, middle platform financial accounting and overseas financial matters. From May 1998 to April 2017, she held various senior management roles including chief financial officer of the Enterprise Business Group, chief financial officer of South Pacific region and vice president of tax management, at Huawei Technologies Co., Ltd.* (華為技術有限公司), a company principally engaged in building telecommunications networks, providing operational and consulting services and equipment to enterprises and manufacturing consumer communications devices.

Ms. Wang has been a Chinese Certified Public Accountant (中國註冊會計師) recognized by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since 1998. She received both of her bachelor's degree in industrial catalysis in July 1995 and a master's degree in management engineering in January 1998 from Tianjin University (天津大學), the PRC.

Biographies of Directors, Supervisors and Senior Management

Non-executive Director

Mr. Chen Zhijie (陳志傑), aged 41, is a non-executive Director of our Company. Mr. Chen joined our Company as a Director in September 2021 and was re-designated as a non-executive Director of our Company in October 2021. He is primarily responsible for supervising the management of our Company and providing professional opinion and judgment to our Board. Mr. Chen was nominated by Shanghai Yunxin, one of our Pre-IPO Investors and a substantial shareholder of our Company.

Mr. Chen has been serving as a director at Investment and Enterprise Development Division of Ant Group which is engaged in businesses that provide inclusive, convenient digital life and digital financial services to consumers and SMEs, and introduce new technologies and products to support the digital transformation and industrial collaboration worldwide, since August 2018.

Mr. Chen has also been serving as (i) an non-executive Director of Servyou Group Co.,Ltd.* (稅友軟件集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: SH.603171) and which is leading comprehensive financial and tax information service provider in China, since September 2021; (ii) a supervisor at Hundsun Technologies Inc.* (恒生電子股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: SH.600570) and which is a technology company focused on the financial sector, since November 2021.

Mr. Chen received his master's degree in global economics from Peking University (北京大學), the PRC, in July 2007.

Independent non-executive Directors

Mr. Dai Dingyi (戴定一), aged 76, has been an independent non-executive Director of our Company since October 2021, is primarily responsible for supervising and providing independent judgment to our Board.

Prior to joining our Company, Mr. Dai has more than 30 years of experience in logistics and transportation sectors. Mr. Dai worked at different departments of China Logistics Information Center* (中國物資信息中心) from April 1992 to September 2004, in the capacity of deputy director and director. Mr. Dai also served as the executive vice chairman of China Society of Logistics* (中國物流學會) from November 2006 to December 2015.

In addition, since November 2015, Mr. Dai was the chairman of the expert committee of China Society of Logistics* (中國物流學會).

Mr. Dai received his research fellow qualification certificate (研究員資格證書) from Chinese Academy of Social Sciences (中國社會科學院) in 2005. Mr. Dai also received his bachelor's degree with a major in mathematics from Capital Normal University (首都師範大學) (previously known as Beijing Normal College (北京師範學院)), the PRC, in July 1982 and his master's degree in quantitative economics from Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院), in December 1984.

Biographies of Directors, Supervisors and Senior Management

Mr. Li Dong (李東), aged 47, has been an independent non-executive Director of our Company since October 2021. He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Li has over 23 years of experience in finance and accounting industry. Mr. Li joined TH International Limited, the exclusive franchisee of Tim Hortons coffee and Popeyes restaurant in the PRC, a NASDAQ listed company (stock code: THCH) as the chief financial officer in September 2021. Before that, Mr. Li worked at KPMG's auditing practice group in its Beijing office and Silicon Valley office in California, USA from August 1999 to April 2006. From September 2008 to February 2015, Mr. Li worked as an associate and later vice president of the investment banking division at BofA Securities Inc. (美銀證券集團) (formerly known as the Bank of America Merrill Lynch (美銀美林集團)), a company listed on the New York Stock Exchange (symbol: MER-K), and as a vice president of the investment banking department of ICBC International Holdings Limited* (工銀國際控股有限公司), a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司). Subsequently, he served as chief financial officer at several companies, including (i) Ecovacs Robotics Co., Ltd. (科沃斯機器人股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603486) and a leading consumer robotics company in the PRC, from March 2015 to February 2016; (ii) Pegasus Media Group Limited, a company principally engaged in movie and TV show production,investment, licensing, marketing and derivatives, from April 2016 to April 2017; (iii) OneSmart International Education Group Ltd. (精銳國際教育集團有限公司) ("**OneSmart International**"), a company listed on the New York Stock Exchange (symbol: ONE) and which is principally engaged in providing premium K-12 after-school education service in the PRC, from July 2017 to June 2019; and (iv) Ximalaya (Hong Kong) Limited (喜馬拉雅(香港)有限公司), a non-music audio platform in the PRC, from September 2019 to September 2021. Mr. Li was also the director at OneSmart International from September 2017 to June 2019.

Mr. Li has also been serving as (i) an independent director of GreenTree Hospitality Group Ltd. (格林酒店集團), a company listed on the New York Stock Exchange (symbol: GHG) and which is principally engaged in hospitality management, since March 2018; (ii) an independent director at BQ-Boqii Holding Ltd. (波奇寵物控股有限公司), a company listed on the New York Stock Exchange (symbol: BQ) and which is principally engaged in managing pet-focused online sales platform, since September 2020; (iii) an independent non-executive director of Helens International Holdings Co., Ltd. (海倫司國際控股有限公司), a company listed on the Stock Exchange (stock code: 9869) and which is principally engaged in bar chain operating and alcohol retailing, since September 2021; and (iv) an independent non-executive director of ZJLD Group Inc (珍酒李渡集團有限公司), a company listed on the Stock Exchange (stock code: 6979) and which is principally engaged in alcohol retailing, since April 2023. Besides, Mr. Li served as an independent non-executive director of Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司), a company listed on the Stock Exchange (stock code: 1297) and principally engaged in the provision of application software products and solutions, from February 2023 to March 2024 (when it was privatized).

Mr. Li obtained a bachelor's degree in international accounting from School of Economics and Management at Tsinghua University (清華大學經濟管理學院), the PRC, in July 1999 and an MBA degree from Kellogg School of Management at Northwestern University, the United States, in June 2008. Mr. Li has been a member of the Chinese Institute of Certified Public Accountants since December 2002 and a member of the Certified General Accountants Association of Canada since September 2001.

Biographies of Directors, Supervisors and Senior Management

Mr. Liu Xiaofeng (劉曉峰), aged 61, has been an independent non-executive Director of our Company since October 2021. He is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Liu has over 29 years of experience in corporate finance. Mr. Liu was an independent director at UBS Securities Co., Ltd., a company principally engaged in securities brokerage, investment banking and asset management services, from June 2016 to June 2022. Prior to that, Mr. Liu worked at various international financial institutions including N M Rothschild & Sons (Hong Kong) Limited (洛希爾父子(香港)有限公司) ("**Rothschild**"), a multinational investment bank and financial services company, from July 1994 to April 2000, where his last position was the Director of Corporate Finance Department. Mr. Liu later joined the Hong Kong branch of JPMorgan Chase Bank., an American multinational investment bank, as the vice-president of the Investment Banking Department from April 2000 to January 2003. Mr. Liu rejoined Rothschild as the head of China Investment Banking Department from February 2003 to March 2005. From September 2005 to August 2009, Mr. Liu joined DBS Asia Capital Limited (星展亞洲融資有限公司), a wholly-owned subsidiary of DBS Bank Limited* (星展銀行有限公司), and which is principally engaged in investment banking services, as the managing director and head of the PRC. Mr. Liu then joined China Resources Capital Holdings Co., Ltd. (華潤金融控股有限公司), a wholly-owned subsidiary of China Resources (Holdings) Co., Ltd.* (華潤(集團)有限公司), and which is principally engaged in financial services, as the managing director from March 2010 to January 2016.

Mr. Liu has also been serving as (i) an independent non-executive director of Kunlun Energy Co., Ltd. (昆侖能源有限公司), a company listed on the Stock Exchange (stock code: 0135) and which is principally engaged in producing and supplying oil and gas, since April 2004; (ii) an independent non-executive director of Cinda International Holdings Ltd. (信達國際控股有限公司), a company listed on the Stock Exchange (stock code: 0111) and a financial institution, since July 2016; and (iii) an independent non-executive director of Sunfonda Group Holdings Ltd. (新豐泰集團控股有限公司), a company listed on the Stock Exchange (stock code: 1771) and an automobile dealership group, since May 2017. Further, Mr. Liu was (i) an independent non-executive director of Haier Electronic Group Co., Ltd. (海爾電器集團有限公司), a company listed on the Stock Exchange (stock code: 1169) and which is principally engaged in the research, development, manufacture and wholesale of washing machines and water heaters, from June 2007 to June 2014; (ii) an independent non-executive director at Honghua Group Ltd. (宏華集團有限公司), a company listed on the Stock Exchange (stock code: 0196) and which is principally engaged in manufacturing land drilling rigs, from February 2008 to November 2021; (iii) an independent non-executive director of Hisense Home Appliances Group Co., Ltd. (海信家電集團股份有限公司) (formerly known as Hisense Kelon Electrical Holdings Co., Ltd. (海信科龍電器股份有限公司)), a company listed on the Stock Exchange (stock code: 0921) and a consumer electronics company, from September 2017 to August 2018 and; (iv) an independent non-executive director of AAG Energy Holdings Limited (亞美能源控股有限公司), a company listed on the Stock Exchange (stock code: 2686) and principally engaged in the exploration, development and production of coalbed methane, from August 2018 to August 11 2023 (when it was privatized).

Notwithstanding that Mr. Liu is currently holding directorships in four listed companies on the Stock Exchange as disclosed above and he may be occupied by appointments of these listed companies during the financial reporting seasons, our Directors are of the view that Mr. Liu will be able to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director on the basis that (i) his roles in other listed companies primarily requires him to oversee their management independently, rather than to allocate substantial time on the participation of the day-to-day management and operations of their respective businesses; (ii) he has demonstrated that he does not have a full time position and he is capable of devoting sufficient time to discharge his duties owed to each of these listed companies by attending 100% of their board meetings and board committee meetings as well as the general meetings that he was eligible to attend during their latest financial year, as disclosed in the annual reports of the relevant listed companies; (iii) he has acquired extensive management experience and developed substantial knowledge on corporate governance through his directorships in other listed companies, which is expected to facilitate the proper discharge of his duties and responsibilities as an independent non-executive Director; and (iv) he has confirmed that he will allocate sufficient time to fulfill his duties as an independent non-executive Director despite his existing independent non-executive directorships in three other listed companies. To ensure that he is able to carry out his duties as an independent non-executive Director despite multiple directorships, we will also make appointments with Mr. Liu in advance to reserve his time for our regular board meetings, board committee meetings and other matters to be transacted. Based on the foregoing and Mr. Liu's satisfactory attendance record in the other listed companies' meetings, our Directors believe that Mr. Liu's positions outside our Company will not affect his functions and responsibilities for our Company.

Mr. Liu obtained his bachelor's degree in economics from Southwest University of Finance and Economics (西南財經大學) (previously known as Sichuan Institute of Finance and Economics, China) (前稱為中國四川財經學院), the PRC, in July 1983. Mr. Liu obtained his master's degree and Ph.D. in development economics from University of Cambridge, United Kingdom, in October 1988 and May 1994, respectively, and a master's degree in Development Studies from the University of Bath, United Kingdom, in December 1987.

Save as otherwise disclosed above, none of our Directors holds any other directorships in any other companies listed in Hong Kong or elsewhere during the three years immediately preceding the date of this Annual Report.

Confirmation of Independence from Independent Non-executive Directors

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

SUPERVISORS

Our Board of Supervisors currently consists of three supervisors, among which one of them is the chairman to the Board of Supervisors.

Ms. Liang Xiaojia (梁曉佳), aged 42, is the employee representative supervisor of our Company. Ms. Liang joined our Company as an administrator of the office affairs department and the president assistant in May 2015 and worked as head of human resources and administration center in January 2024. Ms. Liang was elected as supervisor of our Company in October 2021. Ms. Liang is principally responsible for supervising the performance of duties of our Directors and senior management.

Ms. Liang has been acting as an administrator of the office affairs department and the president assistant of our Company since May 2015. Prior to joining our Company, Ms. Liang served as an assistant notary officer (公證員助理) at Zhong'an Notary Office of Hefei City, Anhui Province (安徽省合肥市中安公證處) (formerly known as Yiaohai Notary Office of Hefei City (合肥市瑤海區公證處)) from 2004 to August 2006. From November 2008 to April 2011, Ms. Liang served as an administrative and human resources manager at Anhui Heans Information Technology Co,. Ltd.* (安徽和安信息科技有限公司), a company principally engaged in computer hardware development. From March 2012 to April 2015, Ms. Liang served as a business manager at Anhui Yizhong Network Technology Co., Ltd.* (安徽易眾網絡科技有限公司), a company principally engaged in providing internet information service. From July 2020 to October 2021, Ms. Liang worked as a supervisor at Fujian Log Kajia Automobile Service Co., Ltd.* (福建路歌卡加汽車服務有限公司) ("**Fujian Log Kajia**"), a previously wholly owned subsidiary of our Company, principally engaged in car rental and cargo transportation. Fujian Log Kajia was dissolved on a voluntary basis by way of deregistration on October 21, 2021.

Ms. Liang has been a Secondary Enterprise Human Resources Professional (二級企業人力資源管理師) recognized by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國勞動和社會保障部) since July 2008. Ms. Liang obtained her diploma in legal affairs at Anhui Vocational College of Police Officers (安徽警官職業學院), the PRC, in July 2004. She then obtained her bachelor's degree in law at Anhui University (安徽大學), the PRC, in July 2005.

Ms. Liang received her honorary credential for "2020 Hi-tech Zone March 8th Red Banner Pacesetter (2020年合肥市高新區三八紅旗手)" from Hefei Hi-tech Zone Women Association (合肥高新區婦女聯合會) in March 2021.

Mr. Fan Hua (樊驊), aged 35, has been our chairman of the Board of Supervisors of our Company since March 2019. Mr. Fan is principally responsible for supervising the performance of duties of our Directors and senior management.

Mr. Fan has been serving as partner at Beijing Zhongrong Yingtong Investment Management Co., Ltd.* (北京中融盈通投資管理有限公司) since March 2020. Since August 2019, Mr. Fan has been serving as a director at Panda Fine Brewing (Yiyang) Liquor Co,. Ltd.* (熊貓精釀(青島)酒業有限公司), a company principally engaged in liquor and food business. Before joining our Company, Mr. Fan worked as an investment manager at M&A Department of Beijing Ocean Co-stone Capital Investment Management Co., Ltd.* (北京海洋基石創業投資 管理有限公司), a company principally engaged in private equity investment, from June 2015 to July 2017. From August 2017 to April 2019, Mr. Fan served as a business director at Investment Banking Business Centre of CCB Trust Co., Ltd.* (建信信託有限責任公司), a non-bank financial intermediary of China Construction Bank Corporation Limited (中國建設銀行股份有限公司). From November 2019 to December 2022, Mr. Fan served as a director of Chengdu Happy Player Technology Co., Ltd.* (成都開心玩家科技有限責任公司) ("**Happy Player**"). Since January 2022, Mr. Fan has been serving as a director of Inner Mongolia Kuainiu IoT Services Co., Ltd.* (內蒙古儈牛物聯網服務有限公司). Since October 2022, Mr. Fan has been serving as a director of Anhui Gongbu Zhizao Industrial Technology Co., Ltd.* (安徽工布智造工業科技有限公司). Since June 2023, Mr. Fan has been serving as a director of Beijing Jianjia Rehabilitation Hospital Co., Ltd (北京健嘉康復醫院有限公司).

Due to cessation of business operations, Happy Player was deregistered on December 15, 2022. Mr. Fan confirmed that (i) to the best of his knowledge, information and belief, Happy Player was solvent immediately prior to its deregistration; (ii) there is no wrongful act on his part leading to the deregistration of Happy Player; (iii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the deregistration of Happy Player; and (iv) no misconduct or misfeasance had been involved on his part in the deregistration of Happy Player.

Mr. Fan obtained a bachelor's degree in financial engineering at Central University of Finance and Economics (中央財經大學), the PRC, in July 2011 and a master's degree in finance at University of Texas at Dallas (德克薩斯州大學達拉斯分校), the United States, in May 2013. In July 2022, Mr. Fan obtained an MBA degree from Tsinghua University.

Biographies of Directors, Supervisors and Senior Management

Mr. Wang Yang (汪洋), aged 41, has been a supervisor of our Company since September 2021. Mr. Wang is principally responsible for supervising the performance of duties of our Directors and senior management. Mr. Wang was nominated by Anhui Province SME Development Fund Co., Ltd.* (安徽省中小企業發展基金有限公司), one of our Pre-IPO Investors.

From February 2018 to 2022, Mr. Wang served as the deputy general manager of the investment department of Anhui Province Venture Capital Co., Ltd.* (安徽省創業投資有限公司), a company principally engaged in venture capital financing and venture capital consultancy. Mr. Wang was promoted in 2022 and has since then served as the general manager of the investment department of this company.

Prior to joining our Company, Mr. Wang held various positions at (i) Anhui Petroleum branch of Sinopec Marketing Co., Ltd.* (中國石化銷售股份有限公司安徽石油分公司), a company principally engaged in retailing and marketing of petrol, kerosene, diesel fuel and other chemical products, from January 2010 to August 2014; (ii) Anhui Wantou Mining Investment Co., Ltd.* (安徽皖投礦業投資有限公司), a company principally engaged in mining industry investment and management, from November 2014 to October 2015; and (iii) Anhui Provincial Emerging Industry Investment Co., Ltd.* (安徽省高新技術產業投資有限公司), a company principally engaged in high-tech industry investment and related derivative business, from November 2015 to January 2018.

Mr. Wang obtained a bachelor's degree in business administration from China Agricultural University (中國農業大學), the PRC, in July 2006. He received his qualification certificate of specialty and technology (intermediate accounting) ((專業技術資格證書) (中級會計)) from the Ministry of Finance of the PRC in January 2013 and has been a member of the Chinese Institute of Certified Public Accountants since December 2017.

SENIOR MANAGEMENT

Our Senior management consists of Mr. Du, Mr. Ye Sheng, Ms. Wang Yao and Mr. Long Ke. For the biographical details of Mr. Du, Mr. Ye and Ms. Wang, please see the paragraph headed "Directors — Executive Directors" in this section.

Mr. Long Ke (龍科), aged 40, is the vice president of our Company, the secretary of the Board and one of our joint company secretaries. Mr. Long joined our Company as the vice president in February 2021, and was appointed as the secretary of the Board in September 2021 and was further appointed as one of the joint company secretaries of our Company in October 2021. Mr. Long has been primarily responsible for managing our Group's capital operation, overseeing outbound investment and financing, information disclosure, maintaining investors relationships and implementing the Board's resolutions.

Prior to joining our Company, Mr. Long accumulated extensive investment experience from several state-owned asset management companies. From July 2008 to April 2017, he served as an investment manager and investment director at three subsidiary asset management companies of China South Industries Group Corporation* (中國兵器裝備集團), namely China South Industry Assets Management Co., Ltd.* (南方工業資產管理有限責任公司), China South Demao Capital Management Co., Ltd.* (南方德茂資本管理有限責任公司) and China South Jiuding Investment Management Co., Ltd.* (南方九鼎投資管理有限公司). From April 2017 to February 2021, Mr. Long served as an investment director at BAIC Group Industrial Investment Co., Ltd.* (北京汽車集團產業投資有限公司), a company principally engaged in investment management of new energy, autonomous driving technology and advanced manufacture industry, where he was mainly responsible for making investment decisions in the automotive aftermarket and autonomous driving field.

Mr. Long obtained his bachelor's degree in management from Sichuan Normal University (四川師範大學), the PRC, in July 2006 and his master's degree in economics from Central University of Finance and Economics (中央財經大學), the PRC, in June 2008.

JOINT COMPANY SECRETARIES

Mr. Long Ke (龍科), aged 40, was appointed as one of our joint company secretaries in October 2021. Mr. Long is also the vice president of our Company and the secretary of our Board. Please see the paragraph headed "Senior Management — Mr. Long Ke" in this section for his biography.

Ms. Yuen Wing Yan, Winnie (袁頴欣), has been appointed as one of our joint company secretaries in August 2022 with effect from the Listing Date. Ms. Yuen is currently a director of the corporate services division of Tricor Services Limited. Ms. Yuen has over 25 years of experience in corporate services and provided professional corporate service for listed companies in Hong Kong, multinational companies, private companies and offshore companies. Ms. Yuen graduated from Lingnan College (currently known as Lingnan University). Ms. Yuen is a Chartered Secretary and a fellow of both of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Changes in Directors, Supervisors and Senior Management

The changes in the Directors, the Supervisors and the senior management of the Company and their biographies during the year ended December 31, 2023 and the Reporting Period are set out below:

(i) On April 27, 2023, Mr. Li Dong (李東) , one of our independent non-executive Directors, was appointed as an independent non-executive director of ZJLD Group Inc (珍酒李渡集團有限公司), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 6979).

(ii) On August 11, 2023, Mr. Liu Xiaofeng (劉曉峰), one of our independent non-executive Directors, resigned as an independent non-executive director of AAG Energy Holdings Ltd. (亞美能源控股有限公司) after its privatization.

(iii) Mr. Liu Junjie (劉俊傑) has resigned from his position as a non-executive Director of the Company and his resignation took effect since December 29, 2023.

(iv) As considered and approved by the Board at the Board meeting held on December 29, 2023, Mr. Fu Da (傅達) ("**Mr. Fu**") was nominated as a candidate for non-executive Director, and a proposal in relation to the proposed appointment of Mr. Fu as a non-executive Director will be submitted at the 2023 AGM to be held on May 29, 2024 for consideration by the Shareholders. The biographic details of Mr. Fu will be contained in the circular with a notice convening the 2023 AGM to be duly despatched to the Shareholders in accordance with the Listing Rules.

(v) In March 2024, Li Dong (李東), one of our independent non-executive Directors, resigned as an independent non-executive director of Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司) after its privatization.

(vi) Mr. Fan Hua (樊驊), one of our Supervisors, resigned as the chief investment officer and a partner of Shanghai Auto Capital Investment Management Co., Ltd. (上海鰲圖投資管理有限公司) in December 2023.

Save as disclosed above, the Directors and the Supervisors confirm that no information is required to be disclosed pursuant to Rule 13.51B of the Listing Rules.

Report of the Directors

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the year ended December 31, 2023.

GLOBAL OFFERING

On March 9, 2023, the H Shares of the Company were listed on the Main Board of the Stock Exchange in a global offering of 43,211,000 H Shares, comprising a Hong Kong public offering of 12,964,000 H Shares and an international offering of 30,247,000 H Shares (as adjusted in the Company's allotment results announcement dated March 8, 2023). The H Shares were issued and subscribed to Hong Kong and overseas investors at an Offer Price of HK$2.9 per H Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, the Stock Exchange transaction fee of 0.00565% and Accounting and Financial Reporting Council transaction levy of 0.00015%) by way of an initial public offering. The over-allotment option as described in the Prospectus was not exercised by the overall coordinator (for itself and on behalf of the International Underwriters). For details of the Global Offering, please refer to the Prospectus, the allotment results announcement of the Company dated March 8, 2023 and the announcement of the Company dated April 3, 2023 in relation to, among others, lapse of the over-allotment option.

USE OF PROCEEDS

Use of Proceeds from the Global Offering

The net proceeds from the Global Offering (after deducting the underwriting fees and related cost and expenses) amounted to approximately HK$63.1 million. There is no change to the intended use of net proceeds and the expected implementation timetable as previously disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

As of December 31, 2023, the Company had utilized approximately HK$10.6 million of net proceeds from the Global Offering, representing approximately 16.8% of the total net proceeds from the Global Offering, in accordance with the intended use set out in the Prospectus. The following table sets out breakdown of the use of proceeds from the Global Offering. As of December 31, 2023, the unutilized net proceeds have been placed in licensed banks and/or authorized financial institution as defined under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and laws in the relevant jurisdictions (where applicable). For details of the use of net proceeds from the Global Offering, please refer to the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Use of net proceeds	Percentage of net proceeds	Estimated net proceeds allocated as disclosed in the Prospectus (HK$ million)	Allocated net proceeds from the Global Offering[Note] (HK$ million)	Net proceeds utilized since the Listing and up to December 31, 2023 (HK$ million)	Expected timeline of full utilization of net proceeds	Unutilized net proceeds as of December 31, 2023 (HK$ million)
To further upgrade and enhance our digital freight business, with a goal to address more in-depth demands from our customers under more diversified business scenarios and to relentlessly improve the user experience for our digital freight business	**45.0%**	**34.2**	**28.4**	**2.21**	**2031**	**26.19**
(i) To acquire additional customers for our freight transportation services and freight platform services	15.0%	11.4	9.5	0.73	2031	8.77
(ii) To improve our penetration into our existing customer base	15.0%	11.4	9.5	1.2	2027	8.3
(iii) To promote our involvement of other participants in our ecosystem and exploring additional opportunities for synergistic development within our ecosystem	15.0%	11.4	9.4	0.28	2031	9.12
To further expand our Trucker Community and Truck Plus solutions	**15.0%**	**11.4**	**9.5**	**0.7**	**2031**	**8.8**
(i) To explore and improve the commercialization of Trucker Community, including attracting registered members and enhancing commercialization opportunities through Truck Plus	7.5%	5.7	4.7	0.13	2027	4.57
(ii) To foster and maintain the nationwide service network of authorized stores for Truck Plus solutions	5.0%	3.8	3.2	0.22	2031	2.98
(iii) To strengthen the supply chain system that supports our Truck Plus solutions	2.5%	1.9	1.6	0.35	2027	1.25
To enhance our research and development efforts and to strengthen our technological capabilities	**20.0%**	**15.2**	**12.6**	**5.23**	**2025**	**7.37**
(i) To reinforce our technological strengths in big data	15.0%	11.4	9.4	3.17	2025	6.23
(ii) To improve our existing research and development capacities in the high-tech fields	5.0%	3.8	3.2	2.06	2024	1.14
To recruit additional sales, marketing and operational personnel	**10.0%**	**7.6**	**6.3**	**1.23**	**2026**	**5.07**
Working capital and other general corporate purposes	**10.0%**	**7.6**	**6.3**	**1.23**	**2027**	**5.07**

Note: The net proceeds finally received from the Global Offering was lower than the estimated net proceeds as disclosed in the Prospectus. A difference of approximately HK$12.8 million has been adjusted in the same manner and in the same proportion to the use of proceeds as disclosed in the Prospectus.

The Company does not have any intention to change the purposes of the proceeds from the Global Offering as set out in the Prospectus, and will gradually utilize the net proceeds from the Global Offering with the intended purposes.

Report of the Directors

PRINCIPAL ACTIVITIES

We have built a digitalized ecosystem for road freight transportation in China. According to the China Federation of Logistics and Purchasing, in terms of Online GTV, freight volume and other indicators, we operate the largest digital freight platforms in China. In addition to our digital freight platform, we also operate Trucker Community, an "online + offline" community for truckers. It is the largest community for truckers in China and the largest community in the logistics industry in China, in terms of the number of registered users.

There were no significant changes in the nature of the Group's principal activities during the year ended December 31, 2023. Please refer to note 1 to the consolidated financial statements in this annual report for details of the principal activities of the principal subsidiaries of the Group. An analysis of the Group's revenue, other income and gains for the Reporting Period by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and note 5 to the consolidated financial statements.

BUSINESS REVIEW

A review of the Group's business during the Reporting Period could be found in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. The review and discussion form part of this Directors' report.

Principal Risks and Uncertainties

Our business and operation are subject to the following principal risks and uncertainties.

(i) Our historical growth may not be indicative of our future growth, and if we are unable to manage our growth or execute our strategies effectively, our business and prospects may be materially and adversely affected.

(ii) The profitability of our business has been and is expected to continue to be reliant upon, among others, government grants provided by local financial bureaus relating to digital freight business. If we cannot continue to receive such grants, our financial performance may be materially and adversely affected.

(iii) Our business and growth are affected by various macroeconomic factors, including the continued growth of demand for digital freight services in the road freight transportation industry in China.

(iv) We operate in a competitive industry, and if we fail to compete effectively, our business and prospect could suffer.

(v) Our business, financial condition and results of operations may be materially and adversely affected if we are unable to provide high-quality services to our customers.

(vi) If we are unable to continue to meet changing market demands, adapt to evolving market trends and continue to innovate, our ability to sustain and grow our business may suffer. We may face challenges associated with expanding or diversifying our solution and service offerings and exploring new business.

(vii) We may fail to cost-effectively attract and retain a large number of shippers or increase their utilization of our services.

(viii) We may fail to efficiently attract and retain a large number of truckers in order to maintain and improve our transportation capabilities.

(ix) We have established long-term relationships with a number of major customers, and deterioration in our relationships with them may adversely affect our business, financial condition and results of operation.

(x) We work with third-party business partners in certain aspects of our business and if any of such business partners fails to deliver quality products or services in a timely manner, or if our relationship with any of them deteriorates, our business operations may be adversely affected.

As the principal risks and uncertainties mentioned above are not exhaustive, please refer to the section headed "Risk Factors" in the Prospectus for detailed information.

RESULTS OF OPERATIONS

The results of the Group for the year ended December 31, 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on page 78 of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 3 of this annual report. This summary does not form part of the audited consolidated financial statements.

DIVIDEND POLICY AND FINAL DIVIDEND

Our Board may declare dividends in the future after taking into account various factors including our future earnings and cash inflows, future plan for use of funds, long-term development of our business and other legal and regulatory restrictions.

The Company is a joint stock limited company incorporated under the laws of the People's Republic of China. The payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require foreign invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends. The Company does not currently have any plan to pay any dividend to its shareholders. However, the Company may distribute dividends in cash or in such other manner as the Board may consider appropriate in the future. During the Reporting Period, none of the Shareholders has waived or agreed to waive any dividends.

Having due regard to the long-term interests of the Shareholders and the Company, the Board did not recommend any payment of dividends for the year ended December 31, 2023.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Company and the Group for the year ended December 31, 2023 are set out in note 13 to the consolidated financial statements of this annual report.

CLOSURE OF REGISTER OF MEMBERS

The 2023 AGM will be held on Wednesday, May 29, 2024. A notice convening the 2023 AGM will be published and despatched to the Shareholders who wish to receive a printed copy of the corporate communication in due course in the manner prescribed by the Listing Rules.

The register of members of the Company will be closed from Thursday, May 23, 2024 to Wednesday, May 29, 2024 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify to attend the 2023 AGM and to vote at the meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Wednesday, May 22, 2024.

COMPLIANCE WITH LAWS AND REGULATIONS

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Reporting Period, the Company has been in compliance with the relevant laws and regulations that have a significant impact on the Company.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material incompliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment. We strive to comply with applicable rules, laws, regulations and industry standards on workplace safety and environmental matters. In doing so, our human resources department would, if necessary, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Reporting Period and the Latest Practicable Date, we had not been subject to any fines or other penalties due to non-compliance with health, safety or environmental laws or regulations.

For details, please refer to the Company's Environmental, Social and Governance Report published on April 25, 2024.

SHARE CAPITAL

As at December 31, 2023, the total share capital of the Company was RMB87,117,257, divided into 1,393,876,104 shares of RMB0.0625 each. Details of movements in the Company's share capital for the year ended December 31, 2023 are set out in note 28 to the consolidated financial statements of this annual report.

RESERVES

Details of the movements in the reserves of the Company for the year ended December 31, 2023 are set out in note 31 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at December 31, 2023, the Company had no reserves available for distribution to the Shareholders.

Details of movements in reserves of the Group and the Company are set out in note 31 and note 41 to the financial statements, respectively.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES

During the period from the Listing Date to December 31, 2023, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

The Company had no arrangement for pre-emptive rights and share options during the Reporting Period. Neither the Articles of Associates nor the PRC laws stipulates that the Company shall give priority to existing shareholders in offering new shares in proportion to the shareholdings.

DIRECTORS AND SUPERVISORS

The Directors of the Company during the period from the Listing Date and up to 31 December 2023 and up to the date of this Annual Report are as follows:

Executive Directors

Mr. Feng Lei (馮雷) *(Chairman)*
Mr. Du Bing (杜兵) *(Chief executive officer)*
Mr. Ye Sheng (葉聖)
Ms. Wang Yao (王瑤)

Non-Executive Directors

Mr. Chen Zhijie (陳志傑)
Mr. Liu Junjie (劉俊傑) *(resigned on 29 December 2023)*

Independent Non-Executive Directors

Mr. Dai Dingyi (戴定一)
Mr. Li Dong (李東)
Mr. Liu Xiaofeng (劉曉峰)

The Board of Supervisors currently consists of the following 3 Supervisors:

Supervisors

Ms. Liang Xiaojia (梁曉佳)
Mr. Fan Hua (樊驊)
Mr. Wang Yang (汪洋)

BIOGRAPHICAL DETAILS OF THE DIRECTORS, SUPERVISORS AND THE SENIOR MANAGEMENT

Biographical details of the Directors, the Supervisors and senior management of the Company are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" on pages 23 to 32 of this annual report.

CHANGE OF INFORMATION OF DIRECTORS AND SUPERVISORS

After making specific enquiry by the Company and confirmed by the Directors and the Supervisors, save as disclosed below, there is no change to any information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Listing Date and up to the date of this annual report.

(i) On April 27, 2023, Mr. Li Dong (李東) , one of our independent non-executive Directors, was appointed as an independent non-executive director of ZJLD Group Inc (珍酒李渡集團有限公司), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 6979).

(ii) On August 11, 2023, Mr. Liu Xiaofeng (劉曉峰), one of our independent non-executive Directors, resigned as an independent non-executive director of AAG Energy Holdings Ltd. (亞美能源控股有限公司) after its privatization.

(iii) Mr. Liu Junjie (劉俊傑) has resigned from his position as a non-executive Director of the Company and his resignation took effect since December 29, 2023.

(iv) As considered and approved by the Board at the Board meeting held on December 29, 2023, Mr. Fu Da (傅達) ("**Mr. Fu**") was nominated as a candidate for non-executive Director, and a proposal in relation to the proposed appointment of Mr. Fu as a non-executive Director will be submitted at the 2023 AGM to be held on May 29, 2024 for consideration by the Shareholders. The biographic details of Mr. Fu will be contained in the circular with a notice convening the 2023 AGM to be duly despatched to the Shareholders in accordance with the Listing Rules.

(v) In March 2024, Li Dong (李東), one of our independent non-executive Directors, resigned as an independent non-executive director of Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司) after its privatization.

(vi) Mr. Fan Hua (樊驊), one of our Supervisors, resigned as the chief investment officer and a partner of Shanghai Auto Capital Investment Management Co., Ltd. (上海鰲圖投資管理有限公司) in December 2023.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the independent non-executive Directors are independent during the year ended December 31, 2023.

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

We enter into service contracts with each of our Directors and Supervisors in relation to, among other things, (i) compliance with relevant laws and regulations; (ii) compliance with the Articles of Association; and (iii) arbitration clauses.

The terms of the Directors and Supervisors do not exceed three years and will expire upon conclusion of general meeting at which a new session of the Board and/or Board of Supervisors are elected. The appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

Save as disclosed above, none of our Directors or Supervisors has entered, or has proposed to enter, a service contract with any member of the Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Details of Directors and Supervisors' remuneration for the year ended December 31, 2023 are set out in note 8 to the consolidated financial statements of this annual report.

INTERESTS OF DIRECTORS AND SUPERVISORS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

To the best knowledge of the Directors, none of the Directors or Supervisors or any entity connected with the Directors or the Supervisors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year ended December 31, 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of December 31, 2023, Mr. Feng and Mr. Du, our executive Directors and Controlling Shareholders, were interested in certain companies outside of our Group, details of which are set out below:

Company name	Place of Incorporation	Date of Incorporation	Ownership
1. Nanjing Luge Investment Management Center LLP* (南京路歌投資管理中心(有限合夥)) ("**Nanjing Luge Investment**")	Nanjing, PRC	September 23, 2015	76.94% by Mr. Feng, 1% by Mr. Du, 14.71% by Mr. Wang and 7.35% by Mr. Pan Ruibo (潘瑞波) Note
2. Nanjing Luge Information Technology Co., Ltd.* (南京路歌信息技術有限公司) ("**Nanjing Luge Information**")	Nanjing, PRC	June 17, 2015	100% by Mr. Feng

Note: Further details of Mr. Pan Ruibo are set out in the section headed "Our History and Development — C. Earlier Shareholding Changes — (c) Conversion of Capital Reserve into Paid-in Registered Share Capital" in the Prospectus.

Nanjing Luge Investment was set up by Mr. Feng and Mr. Du for the purpose of holding our Company's equity interests on behalf of our employees. Since its establishment and up to December 31, 2023, Nanjing Luge Investment had no actual business operations. Mr. Du is the executive partner of Nanjing Luge Investment.

Nanjing Luge Information was set up and wholly owned by Mr. Feng. In 2018, Nanjing Luge Information transferred all its equity interests in our Company to Ganzhou Jinxi Investment Partnership (Limited Partnership)* (贛州金羲投資合夥企業(有限合夥)), details of which are set out in the section headed "Our History and Development — Corporate Development of Our Company" in the Prospectus. Since its establishment and up to December 31, 2023, Nanjing Luge Information had no actual business operations. Mr. Feng is the sole director of Nanjing Luge Information.

In addition to his roles in our Group, Mr. Feng has also been a director of Anhui Jika Lubrication Technology Co., Ltd.* (安徽吉卡潤滑科技有限公司) ("**Anhui Jika**") (since November 2017), an associate company of our Group that is principally engaged in research and development of lubrication technology and manufacturing of lubricant products. As of December 31, 2023, Anhui Jika was owned as to 40% by Kayou Zone Logistics, one of our wholly-owned subsidiaries, and 60% by Anhui Runtian Vehicle Maintenance Products Co., Ltd.* (安徽潤天汽車養護用品有限公司), an independent third party. Mr. Feng has also been serving as the director of Tianjin Qingkong Shoulu Supply Chain Management Co., Ltd.* (清控首路供應鏈管理(天津)有限公司) ("**Tianjin Qingkong**") since January 2019. Tianjin Qingkong is an associate company of our Group which is principally engaged in the provision of highway-railway combined freight transportation services. As of the Latest Practicable Date, Tianjin Qingkong was owned as to (i) 30% by our Company, and (ii) 40% by Capital Railway Resources & E-Business (Tianjin) Co., Ltd.* (首鐵資源電子商務(天津)有限公司), 20% by Beijing Star International Energy Investment Co., Ltd.* (北京斯塔國際能源投資有限公司) and 10% by Taiheda (Tianjin) Enterprise Management Partnership (Limited Partnership)* (泰和達(天津)企業管理合夥企業(有限合夥)), which are all independent third parties.

In addition, since September 2020, Mr. Du has been serving as non-executive director of Wuhu Luge Logistics Technology Co., Ltd.* (蕪湖路歌物流科技有限公司) ("**Wuhu Luge**"), a company invested by our Company and which is principally engaged in providing multi-modal transportation services including shipping and trucking. As of December 31, 2023, Wuhu Luge was owned as to (i) 24% by our Company, and (ii) 40% by Anhui Ganghang Logistics Co., Ltd.* (安徽港航物流有限公司), 29.4% by Wuhu Honghao Equity Investment Partnership (Limited Partnership)* (蕪湖宏浩股權投資合夥企業(有限合夥)) and 6.6% by Tianjin Jintaishi Enterprise Management Partnership (Limited Partnership)* (天津金泰石企業管理合夥企業(有限合夥)) ("**Tianjin Jintaishi**"), who are independent third parties. Further, since January 18, 2022, Mr. Du has been serving as a director and the chairman of the board directors of Xinjiang Zhongya Log Digital Technology Co., Ltd* (新疆中亞路歌數字科技有限公司) ("**Xinjiang Zhongya**"), a company jointly set up by our Company and a few other independent third parties and which is principally engaged in the provision of bulk cargo services. Mr. Du was nominated by our Company to the board of directors of Xinjiang Zhongya. As of December 31, 2023, Xinjiang Zhongya was owned as to (i) 46% by our Company, and (ii) 21% by Ms. Yu Haijie (于海潔), 18% by Xinjiang Zhongya Oil and Gas Co., Ltd* (新疆中亞石油天然氣有限公司), 10% Xinjiang Guoxing Agricultural Development Group Co., Ltd* (新疆國興農業發展集團有限公司) and 5% by Tianjin Jintaishi, which are all independent third parties. As of December 31, 2023, Mr. Du was not involved in the daily management and operation of Wuhu Luge and Xinjiang Zhongya. As such, the directorship held by Mr. Du in Wuhu Luge and Xinjiang Zhongya would not give rise to any material competition issue under Rule 8.10 of the Listing Rules.

Save as disclosed above, as of December 31, 2023, none of our Controlling Shareholders or our Directors was engaged or had any interest in any business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, the Supervisors and the Company's senior management receive compensation in the form of fees, salaries, allowances, and benefit in kind, discretionary bonuses, pension scheme contributions and social welfare and equity-settled share-based compensation. The compensation of Directors, Supervisors and the Company's senior management is determined based on each Director, Supervisor and senior management's responsibilities, qualification, position and seniority. Details of the emoluments of the Directors, the Supervisors and the Company's senior management and emoluments of the five highest paid individuals in the Group are set out in notes 8 and 9 to the consolidated financial statements of this annual report.

During the Reporting Period, no emoluments were paid by the Group to any Director, Supervisor or senior management as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors, Supervisors or senior management has waived any emoluments during the Reporting Period.

Except as disclosed above, no other payments have been made or are payable, during the Reporting Period, by our Group to or on behalf of any of the Directors, the Supervisors or the Company's senior management.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As at December 31, 2023, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed for the year ended December 31, 2023 or any time during the Reporting Period.

CONVERTIBLE BONDS

During the Reporting Period, the Group has not issued any convertible bonds.

EQUITY-LINKED AGREEMENT

To the best knowledge of the Directors, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the period ended December 31, 2023 and up to the date of this annual report.

MATERIAL LEGAL PROCEEDINGS

During the Reporting Period and up to the date of this annual report, no member of the Group was involved in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

LOANS AND OTHER BORROWINGS

Details of bank loans or other borrowings of the Company and its subsidiaries for the year ended December 31, 2023 are set out in note 26 to the consolidated financial statements in this annual report.

As at December 31, 2023, the Group had not made any loan or provided any guarantee for loan, directly or indirectly, to the Directors and senior management of the Company, or their respective connected persons.

INTERESTS AND SHORT POSITION OF EACH OF OUR DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2023, the interests and short positions of the Directors, the Supervisors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Name of Director/ Supervisor/Chief Executive	Position	Nature of interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares[(1)]	Approximate percentage of shareholding in the total issued Shares of the Company[(2)]
Mr. Feng	Chairman and Executive Director	Beneficial owner	Domestic Shares	273,447,680	31.56%	19.62%
		Interest in controlled corporation[(3)]	Domestic Shares	4,970,665	0.57%	0.36%
		Interest held jointly with another person[(3)]	Domestic Shares	273,447,680	31.56%	19.62%
		Interest in controlled corporation[(3)]	H Shares	8,062,151	1.53%	0.58%
			Sub-total	559,928,176		40.17%
Mr. Du	Chief executive officer and Executive Director	Beneficial owner	Domestic Shares	273,447,680	31.56%	19.62%
		Interest in controlled corporation[(3)]	Domestic Shares	4,970,665	0.57%	0.36%
		Interest held jointly with another person[(3)]	Domestic Shares	273,447,680	31.56%	19.62%
		Interest in controlled corporation[(3)]	H Shares	8,062,151	1.53%	0.58%
			Sub-total	559,928,176		40.17%
Mr. Ye Sheng	Executive Director	Beneficial owner	Domestic Shares	9,763,739	1.13%	0.70%
		Interest in controlled corporation[(4)]	Domestic Shares	18,523,737	2.14%	1.33%
		Beneficial owner	H Shares	15,836,261	3.00%	1.14%
		Interest in controlled corporation[(4)]	H Shares	30,044,503	5.70%	2.16%
			Sub-total	74,168,240		5.32%

Name of Director/ Supervisor/Chief Executive	Position	Nature of interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares(1)	Approximate percentage of shareholding in the total issued Shares of the Company(2)
Mr. Fan Hua	Supervisor	Interest in controlled corporation(5)	Domestic Shares	505,988	0.06%	0.04%
		Interest in controlled corporation(5)	H Shares	820,684	0.16%	0.06%
			Sub-total	1,326,672		0.10%

Notes:

(1). The calculation is based on a total number of 866,444,180 Domestic Shares in issue and a total number of 527,431,924 H Shares in issue as at December 31, 2023.

(2). The calculation is based on the total number of 1,393,876,104 Shares in issue as at December 31, 2023.

(3). As at December 31, 2023, Shanghai Chuyan directly holds 13,032,816 Domestic Shares and H Shares in total, representing approximately 0.93% of the enlarged registered share capital of our Company. Mr. Feng is the general partner of Shanghai Chuyan and owns 52% of the equity interests of Shanghai Chuyan. Mr. Du is the sole limited partner of Shanghai Chuyan and owns 48% of the equity interests of Shanghai Chuyan. As such, both Mr. Feng and Mr. Du are deemed under the SFO to be interested in the Shares held by Shanghai Chuyan.

By virtue of the concert party agreement entered into by and between Mr. Feng and Mr. Du on July 30, 2021, Mr. Feng and Mr. Du are deemed under the SFO to be interested in each other's interests in the Shares.

(4). Mr. Ye Sheng is the general partner of and have full control over Tianjin Mingyin, Tianjin Mingtong, Tianjin Mingyun and Tianjin Mingwei. As such, Mr. Ye Sheng is deemed under the SFO to be interested in the Shares held by Tianjin Mingyin, Tianjin Mingtong, Tianjin Mingyun and Tianjin Mingwei.

(5). Hainan Fanrong No.2 Investment Center (Limited Partnership)* (海南樊榮二號投資中心(有限合夥)) ("**Fanrong No.2**") is owned as to (i) 1.0% by Duolinuo (Beijing) Engineering Consultancy Co., Ltd.* (多利諾(北京)工程諮詢有限公司) (as the general partner) which is wholly owned by Mr. Fan Hua, and (ii) 99% by Mr. Fan Hua (as the sole limited partner). As such, Mr. Fan Hua has full control over Fanrong No.2 and is therefore deemed under the SFO to be interested in the Shares held by Fanrong No.2.

(6). All interests stated are long positions.

Save as disclosed above, as at December 31, 2023, none of the Directors, Supervisors or the chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at December 31, 2023, to the best knowledge of the Directors, the following persons (other than a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of Shareholder/ Ultimate Controller	Nature of interest	Class of Shares	Number of Shares held	Approximate percentage of shareholding in the relevant class of Shares(1)	Approximate percentage of interest in our Company(2)
Shanghai Yunxin	Beneficial owner	Domestic Shares	72,103,345	8.32%	5.17%
	Beneficial owner	H Shares	116,947,759	22.17%	8.39%
		Sub-total	189,051,104		13.56%
Ant Group	Interested in controlled corporation(4)	Domestic Shares	72,103,345	8.32%	5.17%
	Interested in controlled corporation(4)	H Shares	116,947,759	22.17%	8.39%
		Sub-total	189,051,104		13.56%

Notes:

(1). The calculation is based on a total number of 866,444,180 Domestic Shares in issue and a total number of 527,431,924 H Shares in issue as at December 31, 2023.

(2). The calculation is based on the total number of 1,393,876,104 Shares in issue as at December 31, 2023.

(3). Shanghai Yunxin is a direct wholly-owned subsidiary of Ant Group. As such, Ant Group shall be deemed under the SFO to be interested in the Shares held by Shanghai Yunxin. As at December 31, 2023, Hangzhou Junhan Equity Investment Partnership (Limited Partnership)* (杭州君瀚股權投資合夥企業(有限合夥)) ("**Junhan**") and Hangzhou Junao Equity Investment Partnership (Limited Partnership)* (杭州君澳股權投資合夥企業(有限合夥)) ("**Junao**") held approximately 31% and 22% of Ant Group's total issued shares, respectively. Hangzhou Xingtao Enterprise Management Consultancy Co., Ltd.* (杭州星滔企業管理咨詢有限公司) ("**Xingtao**") is the executive partner and general partner of Junhan; Hangzhou Yunbo Investment Consultancy Co., Ltd.* (杭州雲鉑投資諮詢有限公司) ("**Yunbo**") is the executive partner and general partner of Junao; and each of Xingtao and Yunbo is held by five individuals as to 20% each. The remaining issued shares in Ant Group are held as to approximately 33% by Taobao (China) Software Co., Ltd.* (淘寶(中國)軟件有限公司), an indirect wholly-owned subsidiary of Alibaba Holding, and as to approximately 14% by other minority shareholders.

(4). All interests stated are long position.

ARRANGEMENTS FOR PURCHASE OF SHARES OR DEBENTURES

At no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouse or children under the age of 18 had any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Report of the Directors

KEY RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that various stakeholders including customers, suppliers, employees and other business associates are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationships with them.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the Group's five largest suppliers contributed less than 30% of the total purchases and the Group's five largest customers contributed less than 30% of the total sales.

For the year ended December 31, 2023, none of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of the issued shares of the Company) was interested in the top five customers or suppliers of the Group.

TAXATION

Tax position of the Company during the year ended December 31, 2023 is set forth in note 10 to the consolidated financial statements of this annual report.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the H Shares. If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the H Shares, they are advised to consult their professional advisers.

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2023, we had 912 full-time employees, all of whom were based in China. The number of employees employed by the Group may change from time to time as required and employee emoluments are determined with reference to market conditions and the performance, qualifications and experience of individual employees.

As part of our human resources strategies, we are committed to establishing a competitive and fair remuneration and benefits system. Compensation for our employees typically consists of basic salary and performance-based bonus. We provide our employees with benefits such as pension scheme, medical insurance, workplace injury insurance, unemployment insurance and housing providence funds in accordance with relevant PRC laws and regulations. We offer employees additional benefits such as additional commercial insurance, among other things. In order to effectively motivate our staff, we continually refine our remuneration and incentive policies through market research.

We provide training sessions tailored to the needs of our employees in different functions. Topics covered by such training sessions include our corporate culture, internal rules and policies and professional knowledge, know-hows and skills. We also provide training to management and administrative personnel at all levels, in order to enhance their leadership capabilities. Such training sessions are conducted in both online and offline forms.

The Remuneration Committee is established to review the Group's remuneration policy and remuneration structure for all Directors, Supervisors and senior management taking into account the Group's operating performance, individual performance of Directors, Supervisors and senior management and comparable market practices.

The five highest paid employees during the year included two directors (2022: two directors), details of whose remuneration are set out in note 8 to the consolidated financial statements in this annual report. Details of the remuneration of the remaining for the year of the remaining three (2022: three) highest paid employees who are not a director, supervisor or chief executive of the Company are set out in note 9 to the consolidated financial statements in this annual report.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement benefit scheme are set out in note 2.4 to the consolidated financial statements.

RELATED PARTY TRANSACTION

Details of material related party transactions entered into by our Group during the Reporting Period are disclosed in note 37 to the financial statements. None of the related party transactions as disclosed in note 37 to the financial statements constitute any non-exempt connected transactions or continuing connected transaction which should be disclosed pursuant to the Listing Rules.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

During the year ended December 31, 2023, none of the related party transactions as disclosed in note 37 to the consolidated financial statements constitute any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to the Listing Rules. During the year ended December 31, 2023, the Company has not entered into any non-exempt connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules.

CONTRACT OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

During the year ended December 31, 2023, none of the Company or any of its subsidiaries entered into any contract of significance with the Controlling Shareholder or any of its subsidiaries, and there is no contract of significance in relation to provision of services by the Controlling Shareholder or any of its subsidiaries to the Company or any of its subsidiaries.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public since the Listing Date and up to the Latest Practicable Date.

PERMITTED INDEMNITY PROVISIONS

The Company has maintained directors' liability insurance to protect the Directors of the Company against any potential losses arising from his/her actual or alleged misconduct.

DONATIONS

For the year ended December 31, 2023, the Group made charitable and other donations of RMB644,000 (2022: RMB527,685).

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely, Mr. LI Dong (chairman of the Audit Committee), Mr. LIU Xiaofeng and Mr. DAI Dingyi. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations (the terms of reference are available on the websites of the Company and the Stock Exchange).

The Audit Committee has, together with the management of the Company and the Auditor, reviewed the applicable accounting principles, standards and practices adopted by the Group as well as the consolidated financial statements of the Group for the year ended December 31, 2023 and the disclosure in this annual report.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

During the period from the Listing Date to December 31, 2023, the Company has complied with all the principles and applicable code provisions under the CG Code.

The Directors will review the corporate governance policies and compliance with the CG Code each financial year and apply the "comply or explain" principle in the "Corporate Governance Report" included in this annual report.

AUDITOR

The consolidated financial statements have been prepared in accordance with IFRSs and audited by Ernst & Young who will retire at the forthcoming AGM of the Company and, being eligible, offer themselves for reappointment.

The Company issued H Shares and its H Shares were listed on the Main Board of the Stock Exchange on March 9, 2023, and there has been no change in auditor since the Listing Date and up to December 31, 2023.

By order of the Board
Feng Lei
Executive Director and Chairman of the Board
Hefei, the PRC, March 27, 2024

Report of the Board of Supervisors

During the Reporting Period, all members of the Board of Supervisors have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and Rules of Procedure of the Board of Supervisors (《合肥維天運通信息科技股份有限公司監事會議事規則》) to protect the interests of the shareholders and the Company.

COMPOSITION OF THE BOARD OF SUPERVISORS

The Board of Supervisors currently consists of three Supervisors, among which one of them is the chairman to the Board of Supervisors. Pursuant to our Articles of Association, at least one-third of our supervisors must be employee representatives elected by our employees. We have one employee representative supervisor elected by our employees and two shareholder representative supervisors elected and appointed by our Shareholders at a Shareholders' meeting. Each of the supervisors elected by our employees and/or by our Shareholders is appointed for a term of three years which is renewable upon re-election and re-appointment.

Composition of the Board of Supervisors is set out as follows.

Name	Position	Date of Appointment/ Re-election	Duties
Ms. Liang Xiaojia (梁曉佳)	Supervisor and employee representative supervisor	March 2023	Supervising the performance of duties of Directors and senior management of our Company
Mr. Fan Hua (樊驊)	Supervisor and chairman of the Board of Supervisors	June 2023	Supervising the performance of duties of Directors and senior management of our Company
Mr. Wang Yang (汪洋)	Supervisor	June 2023	Supervising the performance of duties of Directors and senior management of our Company

WORKS OF THE BOARD OF SUPERVISORS DURING THE REPORTING PERIOD

For the year ended December 31, 2023, the Board of Supervisors held 3 meetings and the details are as follows:

On March 28, 2023, the fourth meeting of the fourth session of the Board of Supervisors was held and the "Proposal on the Report on the Work of the Board of Supervisors of the Company for the Year 2022" (《關於公司2022年度監事會工作報告的議案》), the "Proposal to Review the Consolidated Financial Statements and Annual Results Announcement of the Company for the Year 2022" (《關於審閱公司2022年度綜合財務報表及業績公告的議案》), the "Proposal on the Plan for the Distribution of Profit of the Company for the Year 2022" (《關於公司2022年度利潤分配方案的議案》) and the "Proposal on the Re-appointment of the Company's Auditor for the Year 2023" (《關於續聘公司2023年度核數師的議案》) were duly considered and approved.

On May 15, 2023, the fifth meeting of the fourth session of the Board of Supervisors was held and the "Proposal on the General Election of the Board of Supervisors" (《關於監事會換屆選舉的議案》) was duly considered and approved.

On August 31, 2023, the first meeting of the fifth session of the Board of Supervisors was held and the "Proposal to Review the Unaudited Consolidated Financial Statements of the Company for the First Half-Year of 2023" (《關於審閱公司2023年度中期未經審核綜合財務報表的議案》) and the "Proposal to Review the Interim Results Announcement of the Company for the First Half-Year of 2023" (《關於審閱公司2023年度中期業績公告的議案》) were duly considered and approved.

Report of the Board of Supervisors

COMMENTS OF THE BOARD OF SUPERVISORS ON CERTAIN MATTERS OF THE COMPANY IN 2023

During the Reporting Period, the members of the Board of Supervisors adhered to the principles of fidelity and accountability to all shareholders and duly performed their duties and works according to the relevant laws and regulations. The Board of Supervisors worked actively, supervised the regulatory compliance and operation, financial condition, use of proceeds and internal control, etc. of the Company through attending shareholders' general meetings and board meetings and audit and inspection center as nonvoting delegates and onsite inspections. The Board of Supervisors has arrived at the following opinions:

(1) During the Reporting Period, the Board of Directors conscientiously performed the rights and obligations conferred by the PRC Company Law and the Articles of Association, made timely decisions on major matters such as operation plans and conscientiously implemented the resolutions of the General Meeting and the Board of Directors. The senior management operated in accordance with the law and in a standardized manner. The Directors and senior management were able to perform their obligations in good faith, and there were no violations of the law, the Articles of Association or acts detrimental to the interests of shareholders.

(2) During the Reporting Period, the Board of Supervisors supervised and inspected the financial system and financial position of the Company and considered that the Company's financial system was sound, its financial operations were standardised and its financial position was good, and that the Company's annual audit report and the independent auditor's report truly, accurately and completely reflected the financial position, results of operations and cash flows of the Company.

(3) During the Reporting Period, the connected transactions between the Company and various connected persons were in compliance with the relevant regulations of the Hong Kong Stock Exchange. The prices of the connected transactions were reasonable and fair, and the principles of fairness, equity and impartiality were followed. No circumstances were found to be prejudicial to the interests of the Company and the non-connected shareholders.

In the coming year, the Board of Supervisors will continue to play the role of supervising and monitoring with an aim to protect the interests of all shareholders and the Company.

Chairman of the Board of Supervisors
Fan Hua

Hefei, the PRC, March 27, 2024

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended December 31, 2023.

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

Stay on the moral and virtuous path in the field of transportation and logistics. We always adhere to our corporate values of "truthfulness, impartiality and altruism" and integrate the six management philosophies of "not being evil", "targeting at the main battlefield and aiming for the right time", "focusing on customer value and optimizing user experience", "creating value and make reasonable profits", "achieving win-win with partners" and "sharing business benefits with employees" into our corporate development strategy. Through innovative technology applications and service models, we aim to create a benign logistics ecosystem as a leader in the digital freight transportation process and become a digital support platform for the benign logistics ecosystem.

For a detailed description of our corporate strategy, business model and culture, please refer to the Company's 2023 Environmental, Social and Governance Report dated April 25, 2024.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions of the CG Code as its own code of corporate governance.

During a period from the Listing Date and up to the date of this annual report, the Company has complied with all the principles and applicable code provisions under the CG Code.

In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of four executive Directors, one non-executive Director and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

The Directors will review the corporate governance policies and compliance with the CG Code and other applicable legal and regulatory requirements so as to maintain a high standard of corporate governance of the Company each financial year and apply the "comply or explain" principle in the corporate governance report which is included in this annual report.

SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code to regulate all dealings by the Directors, the Supervisors and relevant employees of securities in the Company and other matters covered by the Model Code since the Listing Rate. Having made specific enquiry with all the Directors and Supervisors of the Company, all the Directors and Supervisors confirmed that they have strictly complied with the required standards set out in the Model Code During a period from the Listing Date and up to the date of this annual report.

Corporate Governance Report

THE BOARD

Responsibilities

The Company clearly defines the responsibilities of the Shareholders' General Meetings, the Board, the senior management and the Board of Supervisors.

The Shareholders' General Meetings is the highest authority of the Company, and the Board is responsible to the general meeting.

The Board is responsible for and has the general power over the management and operation of our business, including determining our business strategies and investment plans, implementing resolutions passed at our Shareholders' General Meetings, and exercising other powers, functions and duties as conferred by the Articles of Association. The Board also assumes the responsibilities for exercising other powers, functions and duties in accordance with the Articles of Association, and all applicable laws and regulations, including the Listing Rules.

The Board shall represent the long-term interest of the Company and the interest of shareholders and related parties when making scientific and strategic decisions, be effectively supervised and evaluated when controlling corporate resources and conducting operation management and maintain effective stimulation and supervision over the senior management when duly delegating its power to the senior management. The Company has a Chief Executive Officer, which is mainly accountable to the Board and responsible for managing the daily business operations of our Group. The Board is the core of the Company's corporate governance framework and its role is clearly separated from that of senior management.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, including the Audit Committee, the remuneration committee (the "**Remuneration Committee**") and the nomination committee (the "**Nomination Committee**") (collectively, the "**Board Committees**"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

The Board of Supervisors is responsible for supervising the performance of duties of our Board and the senior management of our Company and overseeing the financial, internal control and risk conditions of our Company. Under the leadership of the Board, senior management is responsible for implementing the resolutions of the Board and for daily business and management of the Company, and reports to the Board and the Board of Supervisors.

All Directors have carried out their duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

The Company has arranged appropriate insurance cover in respect of liability arising from legal action against its Directors.

Directors' Responsibilities for Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period. The management has provided sufficient explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company in order to put forward such information to the Board for approval. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Auditor's Report on pages 72 to 77.

Corporate Governance Report

Board Composition

As at the date of this annual report, the Board comprised eight Directors, including four executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

Name	Position	Date of Appointment/ Re-election	Duties
Executive Directors			
Mr. Feng Lei (馮雷)	Executive Director and chairman of the Board	June 2023[(1)]	Formulating overall strategic planning and overseeing the business operations of our Group
Mr. Du Bing (杜兵)	Executive Director, Chief executive officer and general manager	June 2023[(2)]	Managing the daily business operations of our Group
Mr. Ye Sheng (葉聖)	Executive Director and chief technology officer	June 2023[(3)]	Developing technology strategies and innovation projects to enhance the quality of the products and services provided by our Group
Ms. Wang Yao (王瑤)	Executive Director and chief financial officer	June 2023[(4)]	Overseeing overall financial management and risk control of our Group
Non-executive Director			
Mr. Chen Zhijie (陳志傑)	Non-executive Director	June 2023[(5)]	Supervising the management of our Company and providing professional opinion and judgment to our Board
Independent Non-executive Directors			
Mr. Dai Dingyi (戴定一)	Independent non-executive Director	June 2023	Supervising and providing independent judgment to our Board
Mr. Li Dong (李東)	Independent non-executive Director	June 2023	Supervising and providing independent judgment to our Board
Mr. Liu Xiaofeng (劉曉峰)	Independent non-executive Director	June 2023	Supervising and providing independent judgment to our Board

Notes:

(1) Mr. Feng joined our Company as a Director and chairman of the Board in June 2010 and was re-designated as an executive Director of our Company in October 2021, and was further re-elected in June 2023.

(2) Mr. Du joined our Company as a Director in June 2010 and was re-designated as an executive Director of our Company in October 2021, and was further re-elected in June 2023.

(3) Mr. Ye joined our Company as the chief technology officer in July 2010 and was elected as a Director of our Company in September 2021 and was further re-designated as an executive Director in October 2021, and was further re-elected in June 2023.

(4) Ms. Wang joined our Company as the chief financial officer in August 2019 and was elected as an executive Director of our Company in October 2021, and was further re-elected in June 2023.

(5) Mr. Chen joined our Company as a Director in September 2021 and was re-designated as a non-executive Director of our Company in October 2021, and was further re-elected in June 2023.

The biographies of the Directors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

All Directors have obtained the legal advice referred to under Rule 3.09D of the Listing Rules on March 3, 2023.

During a period from the Listing Date and up to the date of this annual report, the Board has met at all times the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

During a period from the Listing Date and up to the date of this annual report, the Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

Save as disclosed in the biographies of the Directors as set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report, none of the Directors, Supervisors or senior management has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors, Supervisors or senior management or any chief executive.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee. In addition, the balance of power and authority is ensured by the operation of the senior management and the Board, which comprises experienced and high-caliber individuals. The Board currently consists of four executive Directors, one non-executive Director and three independent non-executive Directors. Therefore, we consider that the Board has a fairly strong independence element in its composition.

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which ensures independent views and inputs are available to the Board and allows the Board to effectively exercise independent judgment to better safeguard Shareholders' interests. The Board will conduct an annual review on its Board Independence Evaluation Mechanism. The Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism for the year ended December 31, 2023 and the results were satisfactory.

As regards the code provision under the CG Code requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved to the issuer, the Directors have agreed to disclose their commitments to the Company in a timely manner.

The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the business strategies of the Group and maximizes effectiveness of its operation.

Corporate Governance Report

The changes in the Directors, the Supervisors and the senior management of the Company during a period from the Listing Date and up to the date of this annual report are set out below:

(i) Mr. Liu Junjie (劉俊傑) has resigned from his position as a non-executive Director of the Company and his resignation took effect since December 29, 2023.

(ii) As considered and approved by the Board at the Board meeting held on December 29, 2023, Mr. Fu Da (傅達) ("**Mr. Fu**") was nominated as a candidate for non-executive Director, and a proposal in relation to the proposed appointment of Mr. Fu as a non-executive Director will be submitted at the 2023 AGM to be held on May 29, 2024 for consideration by the Shareholders.

Save as disclosed above, there are no changes in Directors, Supervisors and senior management of the Company since the Listing Date and up to December 31, 2023.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual, to reinforce their respective independence and accountability. During the period from the Listing Date to December 31, 2023, Mr. Feng Lei has been the Chairman of the Board, while Mr. Du Bing being the chief executive officer of our Company and responsible for managing the daily business operations of the Group. Therefore, the division of responsibilities between the chairman and the chief executive has been clearly established.

Independent Non-executive Directors

Throughout the period form the Listing Date and up to December 31, 2023, the Board at all times fulfilled the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Board Diversity Policy

To enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to board diversity policy, we seek to achieve board diversity by taking into consideration of various factors, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

Our Directors have a balanced mix of gender, knowledge, skills and experience, including the areas of information technology, telecommunications, computer science and application, logistics, asset management, accounting, and economics. They obtained academic degrees in various majors, including telecommunications engineering, computer science, business management, industrial catalysis and management engineering. The board diversity policy is well implemented as evidenced by the fact that are one female and seven male Directors with experience from different industries and sectors. Furthermore, our Board has a wide range of age, ranging from 41 years old to 76 years old. Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the CG Code contained in Appendix C1 to the Listing Rules. Our Nomination Committee will review the board diversity policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. We will also disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

We are also committed to adopting similar approach to promote diversity, including but not limited to gender diversity, at all other levels of our Company from our Board downwards to enhance the effectiveness of our corporate governance as a whole.

Measurable objectives of the Company are as follows: (1) candidates for appointment as directors will be considered from a wide range of individuals including cultural, educational background, professional and industry experience, skills, experience, knowledge, perspective and other contributions that may complement the current needs of the Board; and (2) to review whether the composition and structure of the Board of Directors are suitable for the Group's overall development strategy every year according to the Group's business operation and development needs, and propose an adjustment implementation plan.

Going forward, the Board aims to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. Our Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing our Board to gender parity. With a view to developing a pipeline of potential successors to our Board will (i) continue to make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of our Company by recruiting staff of different gender; (iii) consider the possibility of nominating female management staff who has the necessary skills and experience to our Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of our Company so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time. Our Directors will exercise fiduciary duties in the process, acting in the best interests of our Company and the Shareholders as a whole when making the relevant appointments.

Our nomination committee is responsible for ensuring diversity within our Board members and will use its best efforts to identify and recommend suitable candidates, including female candidates, for the Board's consideration. We also welcome candidates of different genders to apply for our mid to senior level positions. The ultimate decision of the appointment will be based on merits and the contribution the selected candidates could bring to our Board and management team. Our Board believes that such merit-based selection criteria will best enable our Company to serve our Shareholders and other stakeholders going forward.

At present, the Nomination Committee considered that the Board is sufficiently diverse and will review our board diversity policy and its implementation from time to time to ensure its implementation and monitor its continued effectiveness, and the same will be disclosed in our corporate governance report, including any measurable objectives set for implementing the board diversity policy and the progress on achieving these objectives on an annual basis.

Induction and Continuous Professional Development

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During a period from the Listing Date and up to the date of this annual report, all Directors attended training sessions on the respective obligations of the Directors and senior management. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying. The record of continuous professional development relating to director's duties and regulatory and business development that have been received by the Directors during a period from the Listing Date and up to the date of this annual report is summarized as follows:

Name of Directors	Nature of Continuous Professional Development
Executive Directors:	
Mr. Feng Lei	
Mr. Du Bing	A/B
Mr. Ye Sheng	A/B
Ms. Wang Yao	A/B
Non-executive Directors:	
Mr. Liu Junjie *(resigned on December 29, 2023)*	A/B
Mr. Chen Zhijie	A/B
Independent Non-executive Directors:	
Mr. Dai Dingyi	A/B
Mr. Li Dong	A/B
Mr. Liu Xiaofeng	A/B

Notes:

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Appointment and Re-Election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to Article 96 of the Articles of Association, the Directors shall be elected or replaced at a shareholders' general meeting and the tenure shall be three years. A Director may serve consecutive terms if re-elected upon the expiration of his/her term. The tenure of a Director shall be from the date of appointment to the expiry of tenure of the current Board of Directors. When the Directors' term expires and re-election not be held in time, or where the resignation of a Director during his/her term of office causes the number of members of the Board of Directors to be less than the quorum, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and the Articles of Association before the re-elected directors take office.

The non-executive Directors (including independent non-executive Directors) of the Company are appointed for a specific term of three years.

Given that the term of office of the Directors of the fourth session of the Board has expired, the Board considered and approved the re-election and appointment of members of the fifth session of the Board. At the annual general meeting held on June 20, 2023, Mr. Feng Lei (馮雷), Mr. Du Bing (杜兵), Mr. Ye Sheng (葉聖) and Ms. Wang Yao (王瑤) were re-elected as executive Directors of the fifth session of the Board, Mr. Liu Junjie (劉俊傑) (resigned on December 29, 2023) and Mr. Chen Zhijie (陳志傑) were re-elected non-executive Directors of the fifth session of the Board and Mr. Dai Dingyi (戴定一), Mr. Li Dong (李東) and Mr. Liu Xiaofeng (劉曉峰) as independent non-executive Directors of the fifth session of the Board.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, and for making recommendations to the Board on the appointment, re-appointment of Directors and succession plans for the Directors.

Board Meetings and General Meetings

The Company has adopted the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices and documents of meeting shall be served to all Directors at least fourteen (14) days prior to the date of meeting (excluding the date of the meeting). The board of directors shall make arrangements to ensure that all Directors are given an opportunity to put matters for discussion on the agenda of regular meetings of the Board. The Board shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the Directors present at the meeting. The Directors shall be responsible for the resolutions of the Board, and the Shareholders have the right to inspect the Board resolution.

There are two types of Shareholders' general meetings: annual general meetings and extraordinary general meetings. A Shareholders' general meeting shall be convened by the board of directors. The annual general meeting shall be convened once a year, and be held within 6 months after the end of the previous accounting year. The convener shall inform each Shareholder of the time, venue and matters to be considered at the meeting 20 working days before the annual Shareholders' general meeting, and shall inform each Shareholder the extraordinary general meeting 15 days or 10 working days (whichever is longer) before the meeting.

At Board meetings, the senior management of the Company shall report the information regarding business activities and development of the Company to all Directors on a timely basis. The executive Directors shall also often communicate with the non-executive Directors for their opinions on the Company's business development and operations. If any Director has conflict of interests in any proposed resolution to be considered at the Board meeting, such Director shall abstain from voting on such resolution.

During a period from the Listing Date and up to December 31, 2023, six Board meetings and one annual general meeting were held and the attendance records of Board meetings and annual general meeting are set out below:

Name of Directors	**Attendance/No. of Meetings held**	
	Board meeting(s)	**Annual general meeting**
Executive Directors:		
Mr. Feng Lei	6/6	1/1
Mr. Du Bing	6/6	1/1
Mr. Ye Sheng	6/6	1/1
Ms. Wang Yao	6/6	1/1
Non-executive Directors:		
Mr. Liu Junjie *(resigned on December 29, 2023)*	6/6	1/1
Mr. Chen Zhijie	6/6	1/1
Independent non-executive Directors:		
Mr. Dai Dingyi	6/6	1/1
Mr. Li Dong	6/6	1/1
Mr. Liu Xiaofeng	6/6	1/1

Corporate Governance Function

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

During a period from the Listing Date and up to the date of this annual report, the Board confirms that it has:

(a) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(b) reviewed and monitored the training and continuous professional development of the Directors and senior management;

(c) reviewed the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on matters;

(d) to develop, review and monitor the code of conduct and compliance manual applicable to the Group's employees and directors; and

(e) reviewed the Company's compliance with the CG Code and disclosures in the Corporate Governance Report.

Corporate Governance Report

BOARD COMMITTEES

The Board has established three committees namely, the Audit Committee, the Remuneration Committee and the Nomination Committee. All Board Committees are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2 of this annual report.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. The Audit Committee comprises three members, namely Mr. Li Dong (李東), Mr. Liu Xiaofeng (劉曉峰) and Mr. Dai Dingyi (戴定一), all being independent non-executive Directors. The Audit Committee is chaired by Mr. Li Dong (李東).

The primary duties of the Audit Committee are (i) to make recommendations to the Board on the appointment, reappointment, renewal or replacement, dismissal or removal of the external auditor and to review and approve the remuneration and terms of engagement of the external auditor; (ii) to review and monitor the integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements set out therein; (iii) to review the Company's financial supervisions and controls, risk management and internal control systems; and (iv) to review the Group's financial and accounting policies and practices. The written terms of reference of Audit Committee are available on the websites of the Stock Exchange and the Company.

During a period from the Listing Date and up to December 31, 2023, the Audit Committee held two meetings and has reviewed the Company's audited consolidated results for the year ended December 31, 2022 and the unaudited consolidated interim results for the six months ended June 30, 2023, and confirmed that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also reviewed and discussed the risk management and internal control measures and systems of the Company, the effectiveness of the Company's internal audit function, financial reporting and the appointment of the Auditor, including selecting and assessing the independence and qualifications of the Auditor, and ensuring effective communication between the Directors and Auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of the Auditor.

During a period from the Listing Date and up to December 31, 2023, the attendance records for the Audit Committee meetings are set out below:

Name of Directors	Attendance/ No. of Meetings held
Mr. Li Dong	2/2
Mr. Dai Dingyi	2/2
Mr. Liu Xiaofeng	2/2

Nomination Committee

The Nomination Committee was established by our Company with written terms of reference in compliance with the CG Code as set out in Appendix C1 to the Listing Rules. The Nomination Committee currently comprises three members, including one executive Director, namely, Mr. Feng Lei (馮雷), and two independent non-executive Directors, namely, Mr. Dai Dingyi (戴定一) and Mr. Liu Xiaofeng (劉曉峰). The Nomination Committee is chaired by Mr. Dai Dingyi (戴定一).

The primary duties of the Nomination Committee are (i) to review the structure, size and composition of our Board on regular basis, (ii) to identify and recommend to our Board suitable and qualified candidates of directors and senior management members, and consider removal of directors and senior management members of our Company on regular basis and (iii) assess the independence of independent non-executive Directors. Our Nomination Committee is responsible for ensuring the diversity of our Board members and compliance with relevant codes governing board diversity under the CG Code. Our Nomination Committee will review the Board Diversity Policy and our diversity profile (including gender balance) from time to time to ensure its continued effectiveness. For details of our Board Diversity Policy please refer to the paragraph named "The Board — Board Diversity Policy" in this Corporate Governance Report.

In overseeing the conduct of the annual review and assessing the composition and effectiveness of the Board, the Nomination Committee considers the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain an appropriate range and balance of talents, skills, experience and diversity of perspectives on the Board. Factors to be taken into account include: gender, age, ethnicity, cultural and educational background, professional skills, experience, independence and knowledge. Due regard is to be given to the business model and specific needs of the Company.

In recommending candidates for appointment to the Board, the Nomination Committee considers candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board and the factors as described above. The recommendations of the Nomination Committee will then be submitted to the Board for decision. The written terms of reference of Nomination Committee are available on the websites of the Stock Exchange and the Company.

Nomination Policy

The Company has adopted a nomination policy which sets out the selection criteria and procedures for nomination and appointment of Directors and senior management and considerations for succession plan of the Board, with an aim of ensuring the balance of skills, experience, knowledge and diverse perspectives of the Board to satisfy the requirements of the Company's business.

The Director nomination policy contains several factors to assess the suitability of proposed candidates and their potential contribution to the Board, including but not limited to (i) reputation for character and integrity; (ii) in compliance with the qualification stipulated in the Company Law of the PRC and the Listing Rules; (iii) commitment for responsibilities of the Board in respect of available time and relevant interest; (iv) diversity in the aspects, including but not limited to, of gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and (v) potential contributions that the candidate can bring to the Board.

The Board has adopted a board diversity policy which sets out the basic principles to be followed to ensure that the Board has an appropriate balance of required skills, experience and diversity of perspectives to enhance the effective operation of the Board and maintain a high level of corporate governance. The Nomination Committee shall review this policy and measurable objectives at least annually when appropriate to ensure the continued and effective operation of the Board.

Nomination Procedures

The Company has also adopted procedures for nomination and election of Directors. The policy sets out the criteria and procedures for selection and performance evaluation and provides guidance to the Board on the nomination and appointment of Directors. The Board believes that a clear selection process facilitates corporate governance, ensures the continuity of Board, maintains the leadership of Board, and enhances the efficiency and diversity of the Board.

The Nomination Committee can nominate candidates for Directors. When evaluating the suitability of recommended candidates and their potential contributions to the Board, the Nomination Committee may refer to certain selection criteria such as integrity, professional qualifications and skills, achievements and experience in the Internet and technology fields, commitment and related contributions. The Nomination Committee shall report the evaluation results to the Board on the appointment of suitable Director candidates and provide relevant recommendations for the Board to make decisions and formulate a general election plan. The Board shall bear the ultimate responsibility for the selection and appointment of Directors.

During a period from the Listing Date and up to December 31, 2023, the Nomination Committee held two meetings, during which the Nomination Committee has assessed the independence of independent non-executive Directors and reviewed the structure, number, composition and diversity of the Board. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

During the period from the Listing Date and up to December 31, 2023, the attendance records for the Nomination Committee meetings are set out below:

Name of Directors	Attendance/ No. of Meetings held
Mr. Feng Lei	2/2
Mr. Dai Dingyi	2/2
Mr. Liu Xiaofeng	2/2

Remuneration Committee

The Company has established a Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules. As at the date of this annual report, the Remuneration Committee currently comprises three members, including one executive Director, namely Mr. Du Bing (杜兵). and two independent non-executive Directors, namely, Mr. Liu Xiaofeng (劉曉峰), Mr. Li Dong (李東). The Remuneration Committee is chaired by Mr. Liu Xiaofeng (劉曉峰).

The primary duties of the Remuneration Committee are (i) to make recommendations to the Board on the Company's policy and structure for all directors and senior management members' remuneration; (ii) to be responsible for preparing remuneration packages for directors including non-executive directors and senior management members of the Company and to make recommendations to the Board on such remuneration packages; (iii) to review the performance of directors and senior management members and to conduct performance appraisals for them and (iv) to ensure that no director or any of his/her associates (as defined in the Listing Rules) is involved in deciding his/her own remuneration. The remuneration of all our Directors and senior management is subject to regular monitoring by our Remuneration Committee to ensure that levels of their remuneration and compensation are appropriate. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During a period from the Listing Date and up to December 31, 2023, the Remuneration Committee held one meeting, during which the Remuneration Committee has reviewed and determined the remuneration policy and structure of the Company, assessed performance of the executive Directors and the senior management of the Company, approved the terms of service contracts of the executive Directors and senior management of the Company as well as the remuneration packages of Directors and senior management and other related matters of the Company.

During the period from the Listing Date and up to December 31, 2023, the attendance records for the Remuneration Committee meeting are set out below:

Name of Directors	Attendance/ No. of Meetings held
Mr. Du Bing	1/1
Mr. Li Dong	1/1
Mr. Liu Xiaofeng	1/1

Remuneration of Senior Management

Details of the remuneration by band of the senior management of the Company, whose biographies are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report, for the year ended December 31, 2023, are set out below:

Remuneration range (RMB)	Number of individuals
Nil to RMB1,000,000	–
RMB1,000,001 to RMB2,000,000	1
RMB2,000,001 to RMB3,000,000	1
RMB3,000,001 to RMB4,000,000	–
RMB4,000,001 to RMB5,000,000	1
RMB5,000,001 to RMB6,000,000	–
RMB6,000,001 to RMB7,000,000	–
RMB7,000,001 to RMB8,000,000	1

Further details of the remuneration of the Directors, Supervisors and the 5 highest paid employees required to be disclosed under Appendix D2 of the Listing Rules have been set out in notes 8 and 9 to the consolidated financial statements in this annual report.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2023 and to the date of this annual report which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company has provided all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. The Directors have prepared the accounts on a going concern basis.

The external Auditor's statement about reporting responsibility is set out on pages 72 to 77 of this annual report.

BOARD OF SUPERVISORS

Composition of Board of Supervisors

Name of Supervisor	Position(s)	Date of Appointment/ Re-election	Roles and responsibilities
Ms. Liang Xiaojia (梁曉佳)	Supervisor and employee representative supervisor	March 2023	Supervising the performance of duties of Directors and senior management of our Company
Mr. Fan Hua (樊驊)	Supervisor and chairman of the board of supervisors	June 2023	Supervising the performance of duties of Directors and senior management of our Company
Mr. Wang Yang (汪洋)	Supervisor	June 2023	Supervising the performance of duties of Directors and senior management of our Company

The biographies of the Supervisors are set out in the section headed "Biographies of Directors, Supervisors and Senior Management" of this annual report.

During the period from the Listing Date and up to the date of this report, all members of the Board of Supervisors have complied with the principle of integrity and earnestly performed their supervisory duties in accordance with the relevant regulations set out in the PRC Company Law, the Articles of Association and Rules of Procedures for the Board of Supervisors of the Company to protect the interests of the Shareholders and the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. The Company is devoted to establishing and maintaining risk management and internal control systems including policies and procedures that it considers to be appropriate for its business operations, and it is dedicated to continuously improving these systems.

The Audit Committee assists the Board in leading the reviewing of the Company's financial supervisions and controls, risk management and internal control systems. This review formally takes place at each Audit Committee meeting, one of which includes an annual review on the effectiveness of the risk management and internal control systems.

We have designated responsible personnel in our Company to monitor the risk management and internal control performance of our Company. In addition, we have adopted a set of internal rules, policies and procedures governing the conduct of our employees to ensure effective risk management and internal control. We are dedicated to continually improving these rules, policies and procedures. Such rules, policies and procedures cover various aspects of our business operations, such as human resources, information technology and financial reporting.

Risk Management

Our risk management mainly includes the following three areas:

- **Human Resource Risk Management**

  We provide training tailored to our human resource management policies, and the needs of our employees in different departments. We from time to time organize training session for our employees covering various aspects of our business operations and compliance issues, such as anti-bribery and anti-corruption. Through these training sessions, we strive to ensure that our employee's knowledge level of our internal policies remain up-to-date, and to enable them to better comply with applicable laws and regulations in the course of exploring business. We have in place an employee handbook and a code of conduct which is distributed to all our employees, covering topics such as work ethics, fraud prevention, negligence prevention and anti-corruption policies, among others. We emphasize the importance of integrity in business conduct through various training mechanisms, and require our employees to observe our anti-corruption and anti-bribery policies throughout our business operations.

- **Information Technology Risk Management**

  Sufficient maintenance and protection of our information technology infrastructure, as well as the user data and other information we collect in the course of our business, is critical to our operations. We have implemented a number of IT risk management measures throughout our system, such as data back-up, recovery and emergency response mechanisms. We have put in place a series of back-up management procedures. We perform data recovery tests on a regular basis and we retain relevant records. We have an emergency response mechanism to evaluate critical risks, formulate disaster response plans and perform emergency drills regularly. We take extra precaution regarding the usage, storage and protection of user data we collect. In addition, we have formed partnerships with key information technology and internet players to jointly enhance business performance in workplace collaboration and cybersecurity.

  Our information technology department, consists of experience professionals in information technology, is responsible for the maintenance and protection of our information technology infrastructure, and for ensuring that our usage, storage and protection of user data are in compliance with our internal rules and applicable laws and regulations. They also work closely with our human resources team to provide information security trainings to our employees from time to time.

- **Financial Reporting Risk Management**

  We have in place various accounting policies in connection with our financial reporting risk management. We have also installed our financial reporting management system, which can monitor our financial reporting and recording procedures, to safeguard the implementation of our accounting policies. We also provide regular trainings to our finance department employees to ensure that they understand our financial management and accounting policies and implement them in our operations.

In conducting risk assessments, the Company comprehensively utilized a combination of qualitative and quantitative methods to analyse the possibility of risk occurrence and the impact on the achievement of objectives, and finally prioritized the risks according to their significance.

Establishment of the Internal Control System

The Board has established the internal control system, monitored and reviewed on an annual basis in compliance with paragraph D.2 of the CG Code. Such system is designed to manage rather to eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Our Directors are responsible for formulating and overseeing the implementation of our internal control measures and the effectiveness of our internal control system. The Audit Committee is delegated to monitor the implementation of the risk management policies and internal control system across the Company on an ongoing basis in order to ensure that the internal control system is effective in identifying, managing and mitigating risks in its business operations.

Main Features of the Internal Control System and Process Used to Review the Effectiveness of the Internal Control System and Rectify Defects

Below is a summary of the internal control policies, measures and procedures our Company has implemented:

- The Board has delegated the Audit Committee chaired by Mr. Li Dong, with the responsibility to review and supervise the financial reporting process and internal control system of the Company on an on-going basis and to review the effectiveness of the systems annually in compliance with paragraph D.2 of the CG Code. The review covers all material controls, including financial, operational and compliance controls. The duties of the Audit Committee shall include but not limited to: (i) assisting the Board in reviewing the financial information and reporting process of the Company; (ii) monitoring and reviewing risk management and internal control systems of the Company through the internal audit department; (iii) reviewing the effectiveness of the internal audit function of the Company; (iv) reviewing the scope of audit and appointment of external auditor of the Company; and (v) supervising internal investigation and reviewing the arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

- The Company has adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure.

- The Company has adopted various measures regarding conflict of interests in our operations, which enable us to identify, monitor and review transactions with potential conflict of interests, and to take corresponding actions.

- The Company has provided and will continue to provide anti-corruption and anti-bribery compliance training periodically to our senior management and employees to enhance their knowledge and compliance with applicable laws and regulations, and include relevant policies against non-compliance in employee handbooks.

- The Company has engaged Guotai Junan Capital Limited as its compliance adviser to provide advice to its Directors and management team until the end of the first fiscal year after the Listing regarding matters relating to the Listing Rules. The Company's compliance adviser is expected to ensure the use of funding complies with the disclosure in the Prospectus, as well as to provide support and advice regarding requirements of relevant regulatory authorities in a timely fashion.

- The Company will also consult its PRC legal advisor on a regular basis for advice on relevant PRC laws and regulations to increase compliance awareness and to keep it abreast of relevant regulatory developments.

- Under the Company's risk management and internal control structure, the management is responsible for the design, implementation and maintenance of risk management and internal control systems to ensure, amongst others, (i) appropriate policies and control procedures have been designed and established to safeguard the Company's assets against improper use or disposal; (ii) relevant laws, rules and regulations are adhered to and complied with; and (iii) that reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements. During the Reporting Period, major works performed by the management in relation to risk management and internal control included the following:

  — each major operation unit or department was responsible for daily risk management activities, including identifying major risks that may impact on the Company's performance; assessing and evaluating the identified risks according their likely impacts and the likelihood of occurrence; formulating and implementing measures, controls and response plans to manage and mitigate such risks;

  — the management, together with the controller's department, monitored and reviewed the risk management and internal control systems on an ongoing basis and reported to the Audit Committee regarding the status of the systems;

  — the management periodically followed up and reviewed the implementation of the measures, controls and response plans to major risks identified in order to make sure that sufficient attention, monitor and responses were paid to all major risks identified;

  — the management reviewed the risk management and internal control systems periodically to identify process and control deficiencies, and designed and implemented corrective actions to address such deficiencies; and

  — the management ensured appropriate procedures and measures such as safeguarding assets against unauthorized use or disposition, controlling capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publications, etc. were in place.

Procedures and Internal Controls for Processing and Releasing Inside Information

With approval from the Board and pursuant to the requirements of domestic and foreign laws and regulations, Listing Rules and Articles of Association as well as the practical conditions of our Company, our Company has formulated a policy on information disclosure management to determine the division of duties and responsibilities on information disclosure, the procedures for processing and releasing inside information and other information required to be disclosed. Pursuant to this system, our Company must, as soon as any inside information comes to its knowledge or a false market may be established, disclose the information to the public to the reasonable and practicable extent.

During the period from the Listing Date to the date of this annual report, our Company has truthfully, accurately, legally and timely disclosed information in strict compliance with the requirements of domestic and foreign laws and regulations, the Listing Rules, the Articles of Association and the policy on information disclosure management of our Company without any false statements, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information fairly, timely and effectively.

Anti-corruption and Whistleblowing Policy

The Company has adopted anti-corruption and whistleblowing policies to facilitate employees and other stakeholders to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters. The Audit Committee of the Company shall review such policies regularly and ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.

Effectiveness of Risk Management and Internal Control

For the year ended December 31, 2023 and up to the date of this annual report, the Board was not aware of any material defect in internal control of the Group. The Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group for once for the year ended December 31, 2023 and considered the risk management and internal control systems to be effective and adequate and the Group has established an effective risk management and internal control system, which achieves our objectives of risk management and internal control and is free of material defect and significant defect. The review has been discussed by the Company's management and evaluated by the Audit Committee.

DIVIDEND POLICY

Our Board may declare dividends in the future after taking into account various factors including our future earnings and cash inflows, future plan for use of funds, long-term development of our business and other legal and regulatory restrictions.

The Company is a joint stock limited company incorporated under the laws of the People's Republic of China. The payment and amount of any future dividends will also depend on the availability of dividends received from our subsidiaries. PRC laws require that dividends be paid only out of the profit for the year determined according to PRC accounting principles. PRC laws also require foreign invested enterprises to set aside at least 10% of its after-tax profits, if any, to fund its statutory reserves until the aggregate amount of such reserves reach 50% of its registered capital, which are not available for distribution as cash dividends.

AUDITOR'S REMUNERATION

The remuneration for the audit services provided by external auditors of the Company, for the year ended December 31, 2023 amounted to approximately RMB1.9 million.

During the Reporting Period, there were no non-audit services provided by the external auditors of the Company.

JOINT COMPANY SECRETARIES

Mr. Long Ke **(**龍科**)**, has been as one of our joint company secretaries since October 2021, who is responsible for advising the Board on corporate governance matters and ensuring that the Board's policies and procedures, as well as the applicable laws, rules and regulations are followed. Mr. Long is also the vice president of our Company and the secretary of our Board. Please see the paragraph headed "Senior Management — Mr. Long Ke" in the section headed "Biographies of Directors, Supervisors and Senior Management" for his biography.

Corporate Governance Report

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engaged Ms. Yuen Wing Yan, Winnie (袁穎欣), a director of the corporate services division of Tricor Services Limited as the other joint company secretary to assist Mr. Long. Ms. Yuen is responsible for advising the Board on corporate governance matters and ensuring that Board policy and procedures and applicable laws, rules and regulations are followed. Mr. Long has also been designated as the primary contact person at the Company who would work and communicate with Ms. Yuen on the Company's corporate governance and secretarial and administrative matters.

Mr. Long and Ms. Yuen have confirmed that they received no less than 15 hours of relevant professional training during the year ended December 31, 2023 and therefore complied with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with the Shareholders is essential for enhancing investor relations and understanding of the Company's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The annual general meetings provide opportunities for the Shareholders to communicate directly with the Directors. The Chairman of the Company and the chairmen of the Board Committees of the Company will attend the annual general meetings to answer Shareholders' questions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website of the Company at www.logory.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

The Company's management regularly reviewed the implementation and effectiveness of these shareholder communication channels and confirmed their effectiveness during a period from the Listing Date and up to the date of this annual report.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting of the Company according to the Articles of Association. Pursuant to article 59 of the Articles of Association, the Company shall convene an extraordinary general meeting within two months from the date of occurrence of, inter alia, (i) at the request of Shareholders who individually or collectively hold more than 10% of the Company's shares by written requisition(s), (ii) the Board deems it necessary to convene the meeting, (iii) the Board of Supervisors proposes to convene the meeting and (iv) two or more independent non-executive Directors propose to convene the meeting. However, prior to the announcement of the resolutions approved at the general meeting, the number of the Company's shares individually or jointly held by the above shareholders shall not be lower than 10% of the total number of the Company's shares with voting rights; should the shareholding is less than 10%, resolutions passed at the extraordinary general meeting shall be null and void.

Pursuant to Article 80 of the Articles of Association, the Board shall convene the extraordinary general meeting as soon as possible after receipt of the written requisition(s). Where the Board fails to issue a notice to convene the meeting within 30 days after receiving the aforesaid written requisitions, the Shareholders who made the written requisition may request the Board of Supervisors to convene an extraordinary general meeting.

Pursuant to Article 61 of the Articles of Association, when the Company convenes a shareholders' general meeting, the shareholders who individually or jointly, hold more than 3% of the total number of voting shares of the Company, have the right to put forward a new proposal to the Company and submit it to the convener not less than 10 days before the shareholders' general meeting is held. The convener of the shareholders' general meeting shall, within 2 days after receiving the proposal, issue a supplementary notice of the shareholders' general meeting to inform other shareholders and include the matters which are within the scope of responsibilities of the shareholders' general meeting in the agenda of the meeting and submitted to the shareholders' general meeting for deliberation.

The convener shall inform each Shareholder of the time, venue and matters to be considered at the meeting 15 days or 10 working days (whichever is longer) before extraordinary general meeting.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board and Contact Details

For enquiries about shareholdings, share registration and related matters, Shareholders shall direct their enquiries to the Company's Hong Kong branch share registrar and the contact details are set out as follows:

Tricor Investor Services Limited

Address	:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email	:	is-enquiries@hk.tricorglobal.com
Telephone	:	(852) 2980 1333
Fax	:	(852) 2810 8185

For any other enquiries to be brought to the attention of the Board, Shareholders shall send their written enquiries to the Company either via mail to the Company's principal office in Hong Kong or the registered office or via email, attention to the joint company secretary. The contact details of the Company are set out as follows:

Registered office in the PRC	:	No. 2700 Chuangxin Avenue, High-tech District, Hefei, Anhui Province, China
Principal place of business in Hong Kong	:	5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Email	:	ir@logory.com

For the avoidance of doubt, Shareholder(s) must deposit and send the duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law. The Company will not normally deal with verbal or anonymous enquiries.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The Company has adopted the Articles of Association on October 28, 2021, which has been effective from the Listing Date. In view of the expansion of business scope of the Company, amendments have been made to the Company's Articles of Association (for details please refer to the Company's circular dated May 18, 2023), and were duly passed at the annual general meeting held on June 20, 2023. Save as the above, there has been no amendment to the constitutional documents of the Company as at the date of this annual report. Should the Company propose to amend the Articles of Association, the proposed amendments and adoption of a new Articles of Association would be subject to the approval of the Shareholders by way of special resolution at a general meeting, and prior to the passing of such special resolution at a general meeting, the existing Articles of Association shall remain valid.

The latest full text of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

DIVERSITY

The Company is committed to promote diversity in our Company to the extent practicable by taking into consideration a number of factors in respect of our corporate governance structure. The Company seeks to achieve board diversity and workforce diversity through the consideration of a number of factors, including but not limited to gender, age, language, cultural background, educational background, industry experience and professional experience.

We have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy is well implemented as evidenced by the fact that there are one female and seven male Directors with experience from different industries and sectors. For more details, please refer to the section headed "Corporate Governance Report — Board of Directors — Board Diversity Policy" in this annual report. In 2023, we hired 912 full-time employees, of which 496 were male and 416 were female. As at December 31, 2023, the gender ratio in the workforce (including senior management) was approximately 1.2 males to 1 female. The Board considers that the current gender ratio reflects a gender balance in our employee structure. Going forward, the Company will continue to monitor and evaluate the diversity policy and adopt measurable objectives from time to time to ensure continued effectiveness and the Company's diversity policy and the gender balance in our employee structure. The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is committed to ensuring the recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates will be considered. The Company will also continue to create favorable conditions in our working environment to attract more women to join the Group and maintain or increase the proportion of female employees (including senior management) in the future.

Independent Auditor's Report

Ernst & Young
27/F, One Taikoo Place
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Quarry Bay, Hong Kong

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香港鰂魚涌英皇道979號
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To the shareholders of Logory Logistics Technology Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Logory Logistics Technology Co., Ltd. (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 78 to 146, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition of digital freight services	
During the year ended 31 December 2023, the Group generated revenue mainly from the digital freight business amounting to RMB5,597 million. We identified revenue recognition of digital freight services as a key audit matter because (i) revenue was one of the Group's key performance indicators and the inherent risk of misstatement in revenue recognition was high; (ii) there was a huge volume of revenue transactions generated from two forms of services through our digital freight business, namely freight transportation services and freight platform services and their revenue recognition was highly dependent on IT system. The Group's accounting policies are disclosed in note 2.4 and note 3 and details of the Group's revenue are disclosed in note 5 to the consolidated financial statements.	We performed the following procedures to address this key audit matter, including: (i) Evaluating the design, implementation, and effectiveness of key internal controls including IT related controls over the revenue recognition and disclosure; (ii) Understanding the business model of freight transportation services and freight platform services, reviewing contract terms of the service agreements between truckers and shippers on a sample basis, and assessing the accounting policy for revenue recognition of freight transportation services and freight platform services adopted by the Group to be consistent with the accounting standards; (iii) Performing tests of details on revenue amounts, on a sample basis, by examining the supporting documents, including contracts, transaction records in the IT system, GPS tracking records, cash receipts and invoices; (iv) Performing confirmation procedures on a sample basis for transactions and balances; (v) Involving data analytical specialists to perform transaction data analytical procedures by assessing and analysing the transaction data generated from the Group's information system regarding the digital freight business; (vi) Performing analytical review procedures on the fluctuation of the revenue and gross profit margin of freight transportation services and freight platform services; (vii) Reviewing the adequacy and reasonableness of disclosures related to revenue recognition.

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

Recognition of government grants for digital freight business

During the year ended 31 December 2023, the Group was granted a substantial amount of government grants from local financial bureaus related to digital freight business, which amounted to RMB1,543 million. Specific conditions were generally attached to the government grants including achievement of income target, financial contribution target and other obligations.

Management evaluated, on a periodic basis, whether the Group could comply with the relevant conditions attached to the government grants and whether reasonable assurance that the government grants would be received had been obtained, in order to determine the timing and amounts of government grants to be recognised.

We identified the recognition of government grants for digital freight business as a key audit matter because the amount of government grants was material to the consolidated financial statements and the exercise of significant management judgement was required in assessing whether the conditions attached to the government grants could be met, whether there was reasonable assurance that the government grants would be received.

The Group's accounting policies are disclosed in note 2.4 and note 3 and details of the government grants relating to digital freight business are disclosed in note 5 and note 6 to the consolidated financial statements.

How our audit addressed the key audit matter

We performed the following procedures to address this key audit matter, including:

(i) Evaluating the design, implementation, and effectiveness of key internal controls over the recognition and disclosure of government grants;

(ii) Inspecting, on a sample basis, documentation relating to the government grants obtained from local financial bureaus and identifying the specific conditions attached to the respective government grants;

(iii) Understanding the basis of management's judgement about whether the conditions attached to the government grants could be met and whether reasonable assurance that the government grants would be received had been obtained and evaluating, on a sample basis, management's judgement by examining the terms of the underlying documentation and by examining the information used by management to form such judgements, which included analyses of relevant operation and financial data;

(iv) Performing tests of details on government grants amounts, on a sample basis, by recalculating the accrued government grants according to the terms of the underlying documentation;

(v) Inspecting cash receipts from local financial bureaus on a sample basis, for the government grants which were received during the year or subsequently.

(vi) Reviewing the adequacy and reasonableness of disclosures related to government grants.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements, that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control reporting to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Benny Bing Yin Cheung.

Ernst & Young
Certified Public Accountants
Hong Kong
27 March, 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
REVENUE	5	**5,616,216**	6,204,473
Cost of revenue	6	**(5,302,952)**	(5,862,706)
GROSS PROFIT		**313,264**	341,767
Other income and gains	5	**31,729**	30,783
Selling and marketing expenses	6	**(125,388)**	(136,154)
Administrative expenses	6	**(94,956)**	(102,054)
Research and development expenses	6	**(79,909)**	(76,226)
Impairment of financial and contract assets, net	6	**(12,283)**	(8,498)
Other expenses	6	**(60,929)**	(44,231)
Finance costs	7	**(2,451)**	(3,913)
Share of losses of associates		**(1,382)**	(1,462)
(LOSS)/PROFIT BEFORE TAX		**(32,305)**	12
Income tax credit	10	**(2,682)**	(1,381)
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(29,623)**	1,393
Attributable to:			
owners of the parent		**(29,564)**	1,393
Non-controlling interests		**(59)**	–
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	12	**(0.02)**	–

Consolidated Statement of Financial Position

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**58,963**	65,808
Right-of-use assets	14	**32,302**	6,859
Intangible assets	15	**1,783**	1,720
Investments in associates	16	**4,395**	9,396
Prepayments, other receivables and other assets	20	**3,275**	2,211
Deferred tax assets	27	**27,587**	17,306
Total non-current assets		**128,305**	103,300
CURRENT ASSETS			
Inventories	17	**3,839**	2,413
Trade and notes receivables	18	**142,803**	123,945
Contract assets	19	**6,583**	6,362
Prepayments, other receivables and other assets	20	**1,629,731**	1,362,188
Financial assets at fair value through profit or loss ("FVTPL")	21	**20,000**	50,000
Restricted bank deposits	22	**1,640**	4,063
Cash and cash equivalents	22	**517,861**	520,714
Total current assets		**2,322,457**	2,069,685
CURRENT LIABILITIES			
Trade payables	23	**155,267**	108,695
Other payables and accruals	24	**1,464,746**	1,487,197
Contract liabilities	25	**12,814**	12,375
Interest-bearing bank and other borrowings	26	**120,000**	500
Lease liabilities	14	**5,619**	816
Tax payable		**18,115**	8,283
Total current liabilities		**1,776,561**	1,617,866
NET CURRENT ASSETS		**545,896**	451,819
TOTAL ASSETS LESS CURRENT LIABILITIES		**674,201**	555,119
NON-CURRENT LIABILITIES			
Lease liabilities	14	**21,572**	626
Deferred tax liabilities	27	**23**	–
Total non-current liabilities		**21,595**	626
NET ASSETS		**652,606**	554,493

Consolidated Statement of Financial Position

31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**87,117**	84,417
Reserves	31	**565,548**	470,076
		652,665	554,493
Non-controlling interests		**(59)**	–
TOTAL EQUITY		**652,606**	554,493

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 27 March, 2024 and were signed on its behalf by:

Executive Director: Feng Lei

Executive Director: Wang Yao

Consolidated Statement of Changes in Equity

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital RMB'000 Note 28	Capital reserve RMB'000 Note 31	Special reserve RMB'000 Note 30	Share-based payments reserve RMB'000 Note 29	Statutory surplus reserve RMB'000 Note 31	Other reserve RMB'000 Note 31	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
As at 1 January 2023	84,417	489,105	1,725	135,221	625	(8,288)	(148,312)	554,493	–	554,493
Issuance of shares upon listing on the Hong Kong Stock Exchange	2,700	98,064	–	–	–	–	–	100,764	–	100,764
Total comprehensive income for the year	–	–	–	–	–	–	(29,564)	(29,564)	(59)	(29,623)
Equity-settled share-based payments	–	–	–	26,972	–	–	–	26,972	–	26,972
Special reserve										
Appropriation of special reserve	–	–	7,704	–	–	–	(7,704)	–	–	–
Amount utilised in the year	–	–	(9,429)	–	–	–	9,429	–	–	–
At 31 December 2023	87,117	587,169	–	162,193	625	(8,288)	(176,151)	652,665	(59)	652,606

	Attributable to owners of the parent							
	Share capital RMB'000 Note 28	Capital reserve RMB'000 Note 31	Special reserve RMB'000 Note 30	Share-based payments reserve RMB'000 Note 29	Statutory surplus reserve RMB'000 Note 31	Other reserve RMB'000 Note 31	Accumulated losses RMB'000	Total equity RMB'000
As at 1 January 2022	84,417	489,105	–	117,556	625	(8,288)	(147,980)	535,435
Issue of shares								
Total comprehensive income for the year	–	–	–	–	–	–	1,393	1,393
Equity-settled share-based payments	–	–	–	17,665	–	–	–	17,665
Special reserve								
Appropriation of special reserve	–	–	1,725	–	–	–	(1,725)	–
At 31 December 2022	84,417	489,105	1,725	135,221	625	(8,288)	(148,312)	554,493

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(32,305)**	12
Adjustments for:			
Finance costs	7	**2,451**	3,913
Interest income	5	**(8,138)**	(6,239)
Investment income arising from financial investments		**(968)**	(3,784)
Share of losses of associates		**1,382**	1,462
Equity-settled share-based payments expenses		**26,972**	17,665
Loss on disposal of items of property, plant and equipment, net	6	**261**	178
Gain on revision of lease terms		**(24)**	(20)
Depreciation of property, plant and equipment	6	**9,057**	11,602
Depreciation of right-of-use assets	6	**3,115**	2,938
Amortisation of intangible assets	6	**440**	418
Impairment of financial and contract assets, net	6	**12,283**	8,498
Impairment of associates		**3,619**	–
Impairment of inventories	6	**–**	859
Increase in inventories		**(1,426)**	(128)
(Increase)/decrease in trade and notes receivables		**(18,712)**	51,280
(Increase)/decrease in contract assets		**(208)**	775
(Increase)/decrease in prepayments, other receivables and other assets		**(273,644)**	273,978
Decrease/(increase) in restricted bank deposits		**2,423**	(4,063)
Increase/(decrease) in trade payables		**46,572**	(4,603)
Decrease in other payables and accruals		**(22,171)**	(408,754)
Increase in contract liabilities		**439**	2,116
Cash used in from operations		**(248,582)**	(51,897)
Interest received		**8,138**	6,239
Income tax paid		**(5,149)**	(10,749)
Net cash flows used in operating activities		**(245,593)**	(56,407)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(3,372)**	(8,451)
Purchase of intangible assets		**(503)**	(673)
Investments in associates		**–**	(4,600)
Purchase of FVTPL financial assets		**(1,060,000)**	(3,417,651)
Proceeds from disposal of items of property, plant and equipment		**619**	1,388
Maturity or disposal of FVTPL financial assets		**1,090,968**	3,376,445
Net cash flows from/(used in) investing activities		**27,712**	(53,542)

Consolidated Statement of Cash Flows

Year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**108,288**	–
Proceeds from interest-bearing bank and other borrowings		**326,000**	253,804
Repayment of interest-bearing bank and other borrowings		**(206,500)**	(343,334)
Interest paid		**(2,451)**	(6,077)
Payment of issue expense		**(7,524)**	–
Principal portion of lease payments		**(2,785)**	(2,568)
Net cash flows from/(used in) financing activities		**215,028**	(98,175)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,853)**	(208,124)
Cash and cash equivalents at beginning of year		**520,714**	728,838
CASH AND CASH EQUIVALENTS AT END OF YEAR		**517,861**	520,714
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	22	**519,501**	524,777
Restricted bank deposits	22	**(1,640)**	(4,063)
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS		**517,861**	520,714

31 December 2023

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("PRC"). On 9 March 2023, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX") (stock code: 2482. HK). The registered office of the Company is located at No. 2700 ChuangXin Avenue, High-tech District, Hefei, Anhui Province, China.

During the year, the Company and its subsidiaries were principally engaged in digital freight businesses including freight transportation services and freight platform services.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are set out below:

Name of subsidiaries	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of effective equity interest attributable to the Company	Principal activities
Directly held:				
Hubei Log Logistics Co., Ltd. ("Hubei Log") (湖北路歌物流有限公司)	PRC 3 November 2014	RMB12,000,000	100%	Digital freight businesses
Anhui Jinwang Express Logistics Technology Co., Ltd. ("Anhui Jinwang Express") (安徽金網運通物流科技有限公司)	PRC 12 August 2016	RMB50,000,000	100%	Digital freight businesses
Anhui Yuntongda Logistics Technology Co., Ltd. ("Anhui Yuntongda") (安徽運通達物流科技有限公司)	PRC 7 September 2017	RMB50,000,000	100%	Digital freight businesses
Anhui Qiantong Logistics Technology Co., Ltd. ("Anhui Qiantong") (安徽乾通物流科技有限公司)	PRC 13 April 2018	RMB50,000,000	100%	Digital freight businesses
Fujian Huilian Logistics Technology Co., Ltd. ("Fujian Huilian") (福建慧連物流科技有限公司)	PRC 25 May 2018	RMB50,000,000	100%	Digital freight businesses
Sichuan Quanwang Express Logistics Technology Co., Ltd. ("Sichuan Quanwang Express") (四川全網運通物流科技有限公司)	PRC 12 July 2018	RMB10,000,000	100%	Digital freight businesses
Ma'anshan Cloud Net Logistics Technology Co., Ltd. ("Ma'anshan Cloud Net") (馬鞍山雲網物流科技有限公司)	PRC 11 January 2019	RMB30,000,000	100%	Digital freight businesses

Notes to the Consolidated Financial Statements

31 December 2023

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are set out below: (continued)

Name of subsidiaries	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of effective equity interest attributable to the Company	Principal activities
Directly held: (continued)				
Anhui Log Transportation Co., Ltd. ("Anhui Log") (安徽路歌運輸有限公司)	PRC 2 March 2020	RMB50,000,000	100%	Digital freight businesses
Tianjin Log Logistics Technology Co., Ltd. ("Tianjin Log") (天津路歌物流科技有限公司)	PRC 3 August 2021	RMB50,000,000	100%	Digital freight businesses
Huainan Log Express Logistics Co., Ltd. ("Huainan Log") (淮南路歌物流運輸有限公司)	PRC 2 March 2022	RMB30,000,000	100%	Digital freight businesses
Huangshan Log Express Logistics Co., Ltd. ("Huangshan Log") (黃山路歌物流運輸有限公司)	PRC 24 June 2022	RMB10,000,000	100%	Digital freight businesses
Indirectly held:				
Fujian Jinwang Express Logistics Technology Co., Ltd. ("Fujian Jinwang Express") (福建金網運通物流科技有限公司)	PRC 10 August 2018	RMB50,000,000	100%	Digital freight businesses
Anqing Jinwang Express Transportation Co., Ltd. ("Anqing Jinwang Express") (安慶金網運通運輸有限公司)	PRC 25 December 2018	RMB50,000,000	100%	Digital freight businesses
Hefei Huika Automobile Service Co., Ltd. ("Hefei Huika") (合肥惠卡汽車服務有限公司)	PRC 23 April 2018	RMB2,000,000	100%	Sale of trucks and accessories

The English names of all group companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of these companies as they do not have official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation *(continued)*

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 17	*Insurance Contracts*
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IAS 12	*International Tax Reform — Pillar Two Model Rules*

The adoption of the new and revised IFRSs does not have a significant impact on the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants*[1]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 21	*Lack of Exchangeability*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these revised IFRSs upon initial application. So far, the Group has expected that these standards will not have significant effect on the Group's financial performance and financial position.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its equity investments, wealth management products and notes receivable which are managed in the business model of both collecting contractual cash flows and selling the financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement *(continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets *(continued)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% to 5%
Furniture, fixtures and equipment	3% to $33^1/_3$%
Motor vehicles	19%
Leasehold improvements	Over the shorter of the lease terms and 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years. The useful lives are estimated both based on authorization period of the patents and licences and the period over which the Group expects to obtain economic benefits from the patents and licences.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) *(continued)*

Software

Purchased software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 3 to 10 years. The useful life is estimated both based on contract terms of the purchased software and the period over which the Group expects to obtain economic benefits from the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid land lease payments	50 years
Office premises	2 to 6 years
Trucks	4 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases *(continued)*

Group as a lessee *(continued)*

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of equipment and office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipments that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Investment in wealth management products are classified as FVTPL. FVTPL are measured and recorded at fair value and any unrealised gains or losses are recognised in the consolidated statements of profit and loss. Realised gains and losses from the sale or withdrawal of FVTPL are determined on a specific-identification basis.

Notes receivable which are managed in the business model of both collecting contractual cash flows and selling the financial assets are classified as financial assets at fair value through other comprehensive income (debt instruments) ("FVOCI-debt"). For FVOCI-debt, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. The Group initially measures receivables, except for trade receivables that do not contain a significant financing component, at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

Receivables are stated at amortised cost, using the effective interest method less allowance for credit losses.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets *(continued)*

General approach *(continued)*

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; using the effective interest rate method. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks , and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value, and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax *(continued)*

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the reporting periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income or as a reduction of specific costs and expenses on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Government grants related to digital freight businesses are recognised as a reduction of freight costs or related expenses.

For freight transportation services, government grants related to digital freight businesses, which are recognised as a reduction of freight costs in accordance with the agreed purpose are considered to compensate the costs incurred with contracted freight transportation services for freight transportation.

For freight platform services, government grants related to digital freight businesses are recognised as a reduction from the consideration paid to the trucker in accordance with the agreed purpose. As the revenue from freight platform services is recognised on a net basis at the point of fulfilment of the shipping order, the government grants are indirectly reflected as net revenue of freight platform services.

Government grants related to digital freight businesses in accordance with the agreed purpose to compensate taxes and surcharges are recognised as a reduction of taxes and surcharge expenses.

Government grants other than above are recognised in other income and gains. Further details are contained in notes 5 and 6 to financial statements.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(a) Freight transportation services

The Group provides freight transportation services to shippers. Revenue from freight transportation services represents the contract amount charged to shippers for these services. Costs incurred in contracted truckers for freight transportation are recorded in cost of revenue.

The primary performance obligation of the Group under the contracts with shippers is to transport the shippers' freight. The Group has the responsibility for transportation of the freight from the origin to the destination, once the shipper places the transportation service request and the Group accepts the service request, a transportation service order is set up between the shipper and the Group. The transaction price for each transportation request is generally fixed and readily determinable at inception.

The Group contracts with truckers separately, to deliver the transportation services. Contracted truckers are mainly individual drivers. Judgement is required in determining whether the Group is the principal or agent in transactions with shippers. The Group is at its own discretion for acceptance of transportation requests and releases the transportation requests to the truckers on the Group's own behalf to deliver the services. The Group also oversees the transportation process during the transit period. Therefore, the Group effectively controls the service before it is transferred to the shipper. The Group is primarily responsible for fulfilling the contract with the shipper and is legally liable for loss or damage to shippers' goods in transit period according to the contract. The Group also has the pricing discretion and negotiates separately the prices charged to shippers and amounts paid to truckers. Accordingly, the Group is the principal in these transactions. The Group recognises revenue over time using an output method of progress as shippers receive the benefits of the Group's services as the freights are shipped from the origin to the destination.

(b) Freight platform services

The Group provides freight platform services to the shippers registered on its platform. The platform provides the access to the shippers so they can select the appropriate truckers, coordinate with the truckers and negotiate freight price to complete the freight transportation request. As a freight platform service provider, the Group enters into shipping contract with the shipper and trucker separately to fulfil the shipping order.

The Group concludes that it acts as an agent in the provision of transportation services as the Group does not have the ability to fully control the related services. Specifically, the Group cannot fully direct truckers to perform the transportation service on the Group's behalf. The platform service fee recognised by the Group is the difference between the contract amount to be received from the shipper and the contract amount to be paid to the trucker, which are both fixed at the time when a transaction is entered into. The revenue is recognised on a net basis at the point of fulfilment of the shipping order.

The Group also earns freight platform service fees by allowing the users to use its software products and the nature of the Group's performance obligation in granting a license is considered to be a right to access the Group's software products. The Group accounts the grant of license as a performance obligation satisfied over the contracted period on a straight-line basis. The Group also charges additional fees to its users on the basis of the number times of the additional functions used, such as short messaging service and location service in the software products. The additional fees are recognised at the point of fulfilment of such services.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition *(continued)*

Revenue from contracts with customers *(continued)*

(c) Sale of goods

Revenue from the sale of goods, mainly including truck accessories is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery of the goods.

(d) Other value-added services

The Group collects service fees from other value-added services, such as advertising services. Revenue from these services is recognised at the point in time when the relevant services are rendered.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. Further details of the fair value are given in note 29 to financial statements.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments *(continued)*

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Production safety expenses

Production safety expenses accrued based on the "Administrative Measures for the Accrual and Use of Expenses for Work Safety" issued by the Ministry of Finance and the Ministry of Emergency Management of the PRC shall be treated as appropriation from accumulated losses to special reserve. The relevant expense is recognized in profit or loss only when it is incurred.

Borrowing costs

All the borrowing costs of the Group are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in financial statements:

Principal versus agent

In freight transportation services and freight platform services, judgement is required in determining whether the Group is the principal or agent in transactions with shippers. When determining whether the Group is acting as the principal or agent in offering services to the shippers, the Group needs to first identify who controls the transportation services before they are transferred to the shippers. Further details are contained in note 2.4 *Revenue recognition* to financial statements.

Government grants

Government grants shall not be recognised until there is reasonable assurance that: (i) the entity will comply with the conditions attaching to them; and (ii) the grants will be received. The conditions of the government grants awarded by the local government authorities to the Group generally include the achievement of income target and financial contribution target. The judgement is required to determine whether the Group will comply with the conditions attached to the government grants and the grants should be recognised.

When the government grant relates to an expense item, it is recognised as income or as a reduction of specific costs and expenses on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Based on the analysis of the digital freight business model and nature of the government grants, the Group makes its accounting policy choice to account the government grant related to freight digital businesses on a net basis, i.e., as a reduction of specific costs and expense. Further details are contained in notes 5 and 6 to financial statements.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary difference can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 27 to financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade and notes receivables

The Group uses a provision matrix to calculate ECLs for trade and notes receivables. The provision rates are based on their recoverability and ageing analysis.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and notes receivables is disclosed in note 18.

4. OPERATING SEGMENT INFORMATION

No operating segment information is presented as the Group's revenue and reported results during each of reporting period, and the Group's total assets as at the end of reporting period were derived from one single operating segment, i.e., provision of digital freight businesses and related services.

Geographical information

No further geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023 RMB'000	2022 RMB'000
Revenue from contracts with customers	**5,616,192**	6,204,308
Revenue from other sources		
Rental income	**24**	165
Total	**5,616,216**	6,204,473

Revenue from contracts with customers

(i) Disaggregated revenue information

	2023 RMB'000	2022 RMB'000
Types of goods or services		
Freight transportation services	**5,318,544**	5,880,150
Freight platform services*	**278,925**	303,584
Sale of goods	**3,120**	8,444
Other value-added services	**15,603**	12,130
Total revenue from contracts with customers	**5,616,192**	6,204,308

Geographical markets

All of the Group's revenues were generated from customers located in Mainland China during each of reporting period.

* The revenue from freight platform services mainly represents the difference between the contract amount to be received from the shipper and the net freight cost, which is the contract amount to be paid to the trucker, net of the government grants related to digital freight businesses. Such government grants are presented in line with revenue of an amount of RMB1,052,754,242 (2022: RMB1,133,606,912) for the year ended 31 December 2023.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers *(continued)*

(i) Disaggregated revenue information *(continued)*

	2023 RMB'000	2022 RMB'000
Timing of revenue recognition		
Services transferred over time	**5,318,544**	5,880,210
Services and goods transferred at a point in time	**297,648**	324,098
Total revenue from contracts with customers	**5,616,192**	6,204,308

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period.

	2023 RMB'000	2022 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the year:		
Freight platform services	**10,478**	9,897
Freight transportation services	**1,897**	362
Total	**12,375**	10,259

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Freight transportation services

The performance obligation is satisfied over time as services are rendered and payment is generally due upon delivery of the shipments and issuance of the invoice to the customers.

Freight platform services

The main performance obligation is satisfied at the point in time as services are rendered and payment is generally due upon fulfilment of the shipping order by a trucker and issuance of the invoice to the customers.

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers *(continued)*

(ii) Performance obligations *(continued)*

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due upon delivery of goods.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2023	2022
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**12,814**	12,375
Total	**12,814**	12,375

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2023	2022
	RMB'000	RMB'000
Other income and gains		
Bank interest income	**8,138**	6,239
Other government grants* — related to income	**17,643**	18,654
Others	**5,948**	5,890
Total other income and gains	**31,729**	30,783

* The government grants other than those related to digital freight businesses are recognised in other income and gains. There are no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2023 RMB'000	2022 RMB'000
Cost of freight transportation services	(i)	**5,261,701**	5,813,947
Cost of assistance from logistics cooperation partners	(ii)	**6,293**	15,576
Other costs of digital freight businesses	(iii)	**31,768**	25,493
Cost of inventories sold		**3,190**	7,690
Cost of revenue		**5,302,952**	5,862,706
Taxes and surcharges	(iv)	**55,871**	41,510
Depreciation of property, plant and equipment		**9,057**	11,602
Depreciation of right-of-use assets		**2,930**	2,938
Amortisation of intangible assets		**440**	418
(Reversal of impairment)/Impairment of trade and notes receivables		**(146)**	1,059
Reversal of impairment of contract assets		**(13)**	(25)
Impairment of financial assets included in prepayments, other receivables and other assets		**12,442**	7,464
Impairment of associates		**3,619**	–
Impairment of inventories		**–**	859
Employee benefit expense (excluding directors', supervisors' and chief executive's remuneration (note 8):			
Salaries, bonuses, allowances and benefits in kind		**149,771**	151,746
Pension scheme contributions and social welfare	(v)	**33,752**	32,027
Equity-settled share-based payments expenses		**22,001**	13,307
Lease payments not included in the measurement of lease liabilities		**985**	1,130
Loss on disposal of items of property, plant and equipment		**261**	178
Auditor's remuneration		**1,887**	1,714

6. PROFIT BEFORE TAX (CONTINUED)

(i) Cost of freight transportation services provided mainly represents costs incurred with contracted truckers for freight transportation, net of the government grants related to digital freight businesses, the amount of which is RMB216,257,376 (2022: RMB240,450,226) for the year ended 31 December 2023.

(ii) The portion of the Group's day-to-day contact with its shippers is through its network of independent logistics cooperation partners. The logistics cooperation partners could arrange temporary truckers on short notice, multiple pick-up and delivery points and drop-and-hook operations. Costs to logistics cooperation partners are directly related to the freight transportation and freight platform services, and then are recognised as costs of the Group.

(iii) Other costs of digital freight businesses mainly represent staff cost and cost incurred with third party suppliers for the digital freight businesses, such as location service cost, short message service cost, and payment channels service cost.

(iv) It mainly represents taxes and surcharges, net of the government grants related to digital freight businesses, the amount of which is RMB273,930,050 (2022: RMB337,242,867) for the year ended 31 December 2023.

(v) As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 **RMB'000**	2022 RMB'000
Interest on bank loans and other borrowings	**2,382**	3,780
Interest on lease liabilities	**69**	133
Total	**2,451**	3,913

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The aggregate amounts of remuneration of the directors, supervisors and chief executive officer for the year are as follows:

	2023 **RMB'000**	2022 RMB'000
Fees	**576**	–
Salaries, bonuses, allowances and benefits in kind	**2,894**	2,954
Discretionary bonuses	**2,072**	2,169
Pension scheme contributions and social welfare	**365**	335
Equity-settled share-based payment expenses	**4,971**	4,306
Total	**10,878**	9,764

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8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) The remuneration of each director, supervisor and chief executive officer for the year is set out below:

Year ended 31 December 2023

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Share-based payment expenses RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Feng Lei	–	730	600	73	–	1,403
Mr. Du Bing	–	610	600	73	–	1,283
Mr. Ye Sheng	–	610	400	73	3,656	4,739
Mrs. Wang Yao	–	606	400	73	1,255	2,334
Subtotal	–	2,556	2,000	292	4,911	9,759
Non-executive directors:						
Mr. Chen Zhijie	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Liu Xiaofeng	192	–	–	–	–	192
Mr. Dai Dingyi	192	18	–	–	–	210
Mr. Li Dong	192	–	–	–	–	192
Subtotal	576	18	–	–	–	594
Supervisors:						
Mr. Fan Hua	–	–	–	–	–	–
Mr. Wang Yang	–	–	–	–	–	–
Mrs. Liang Xiaojia	–	320	72	73	60	525
Subtotal	–	320	72	73	60	525
Total	576	2,894	2,072	365	4,971	10,878

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) The remuneration of each director, supervisor and chief executive officer for the year is set out below (continued):

Year ended 31 December 2022

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions and social welfare RMB'000	Share-based payment expenses RMB'000	Total remuneration RMB'000
Executive directors:						
Mr. Feng Lei	–	719	586	67	–	1,372
Mr. Du Bing	–	604	587	67	–	1,258
Mr. Ye Sheng	–	605	440	67	3,110	4,222
Mrs. Wang Yao	–	601	440	67	1,045	2,153
Subtotal	–	2,529	2,053	268	4,155	9,005
Non-executive directors:						
Mr. Liu Junjie[1]	–	–	–	–	–	–
Mr. Chen Zhijie	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Liu Xiaofeng	–	–	–	–	–	–
Mr. Dai Dingyi	–	108	–	–	–	108
Mr. Li Dong	–	–	–	–	–	–
Subtotal	–	108	–	–	–	108
Supervisors:						
Mr. Fan Hua	–	–	–	–	–	–
Mr. Wang Yang	–	–	–	–	–	–
Mrs. Liang Xiaojia	–	317	116	67	151	651
Subtotal	–	317	116	67	151	651
Total	–	2,954	2,169	335	4,306	9,764

1 Mr. Liu Junjie was resigned as the non-executive director on 29 December 2023.

There was no arrangement under which a director, a supervisor or the chief executive officer waived or agreed to waive any remuneration during each of reporting period.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2022: two directors), details of whose remuneration are set out above in note 8. Details of the remuneration of the remaining for the year of the remaining three (2022: three) highest paid employees who are not a director, supervisor or chief executive of the Company are as follows:

	2023 RMB'000	2022 RMB'000
Salaries, bonuses, allowances and benefits in kind	1,667	1,689
Discretionary bonuses	1,100	1,320
Pension scheme contributions and social welfare	292	271
Equity-settled share-based payment expenses	8,105	6,169
Total	11,164	9,449

The number of non-director, non-supervisor and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	2023	2022
Nil to RMB1,000,000	–	–
RMB1,000,001 to RMB2,000,000	1	2
RMB2,000,001 to RMB3,000,000	–	–
RMB3,000,001 to RMB4,000,000	1	–
RMB4,000,001 to RMB5,000,000	–	–
RMB5,000,001 to RMB6,000,000	–	–
RMB6,000,001 to RMB7,000,000	–	1
RMB7,000,001 to RMB8,000,000	1	–
Total	3	3

10. INCOME TAX EXPENSE

The Company and its subsidiaries are all incorporated in Mainland China and all are subject to income tax at a rate of 25% on the taxable income pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations, except for:

(i) The Company as it is recognised as a high-tech enterprise and accordingly is entitled to a preferential enterprise tax rate of 15% during the year.

(ii) Certain of the subsidiaries as they are qualified as small and micro enterprises and are entitled to a preferential enterprise income tax rate of 20% during the year.

10. INCOME TAX EXPENSE (CONTINUED)

The income tax expense of the Group during the year is as follows:

	2023 **RMB'000**	2022 RMB'000
Current	**7,576**	3,076
Deferred tax	**(10,258)**	(4,457)
Total tax credit for the year	**(2,682)**	(1,381)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate of 25% in Mainland China to the tax expense at the effective tax rate is as follows:

	2023 **RMB'000**	2022 RMB'000
Loss before tax	**(32,305)**	12
Tax at the statutory tax rate of 25% in Mainland China	**(8,076)**	3
Effect of tax rate differences in the Company and certain subsidiaries	**6,199**	1,497
Adjustments in respect of current and deferred tax of previous periods	**806**	–
Losses attributable to associates	**345**	366
Expenses not deductible for tax*	**7,883**	4,924
Additional deductible allowance for qualified research and development expenses	**(15,795)**	(8,683)
Utilisation of previously unrecognised tax losses and temporary differences	**–**	(32)
Unrecognised tax losses and temporary differences	**5,956**	544
Tax credit at the Group's effective tax rate	**(2,682)**	(1,381)

* The items of expenses not deductible for tax mainly comprise the share-based payments expenses, business development expenses in excess of the deductible thresholds and other expenses which cannot be deducted on the tax basis.

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year. The newly issued shares are calculated in accordance with the conditions stated in the issuance agreement, starting from the consideration receivable date (usually the issuance date).

	2023 **RMB'000**	2022 RMB'000
(Loss)/Earnings		
(Loss)/profit attributable to ordinary equity holders of the Company	**(29,564)**	1,393
Shares		
Weighted average number of ordinary shares in issue during the year (in thousand) (i)	**1,385,944**	1,350,665
(Loss)/earnings per share attributable to ordinary equity holders of the Company (RMB yuan per share)		
— Basic and Diluted (ii)	**(0.02)**	–

(i) The weighted average numbers of ordinary shares during the years ended 31 December 2022 and 2023 were adjusted retrospectively to reflect the subdivision of shares on a one-for-sixteen basis in March 2023.

(ii) The Group had no potentially dilutive ordinary shares in issue during the year.

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2023

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2023					
Cost	67,946	26,324	3,772	23,295	121,337
Accumulated depreciation	(15,844)	(19,902)	(2,022)	(17,761)	(55,529)
Net carrying amount	52,102	6,422	1,750	5,534	65,808
At 1 January 2023, net of accumulated depreciation	52,102	6,422	1,750	5,534	65,808
Additions	–	679	369	2,044	3,092
Disposals	(296)	(39)	(401)	(144)	(880)
Depreciation provided during the year	(2,232)	(2,728)	(538)	(3,559)	(9,057)
At 31 December 2023, net of accumulated depreciation	49,574	4,334	1,180	3,875	58,963
At 31 December 2023:					
Cost	67,650	26,788	3,026	23,392	120,856
Accumulated depreciation	(18,076)	(22,454)	(1,846)	(19,517)	(61,893)
Net carrying amount	49,574	4,334	1,180	3,875	58,963

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 December 2022

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2022					
Cost	67,946	24,393	4,429	19,427	116,195
Accumulated depreciation	(13,625)	(16,141)	(1,935)	(13,285)	(44,986)
Net carrying amount	54,321	8,252	2,494	6,142	71,209
At 1 January 2022, net of accumulated depreciation	54,321	8,252	2,494	6,142	71,209
Additions	–	3,135	764	3,868	7,767
Disposals	–	(934)	(632)	–	(1,566)
Depreciation provided during the year	(2,219)	(4,031)	(876)	(4,476)	(11,602)
At 31 December 2022, net of accumulated depreciation	52,102	6,422	1,750	5,534	65,808
At 31 December 2022:					
Cost	67,946	26,324	3,772	23,295	121,337
Accumulated depreciation	(15,844)	(19,902)	(2,022)	(17,761)	(55,529)
Net carrying amount	52,102	6,422	1,750	5,534	65,808

As at 31 December 2023, there were no Group's property, plant and equipment pledged to secure bank and other borrowings granted to the Group (2022: nil) (note 26).

14. LEASES

As a lessee

The Group has lease contracts for office premises and trucks in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises generally have lease terms between 2 and 6 years. Leases of trucks generally have lease terms of 4 years. Other rental agreements generally have lease terms of 12 months or less and are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

The Group	**Office premises** RMB'000	**Trucks** RMB'000	**Prepaid land lease payments** RMB'000	**Total** RMB'000
As at 1 January 2022	5,109	–	4,214	9,323
Additions	724	–	–	724
Revision of a lease term arising from a change in the non-cancellable period of a lease	(250)	–	–	(250)
Depreciation provided during the year	(2,831)	–	(107)	(2,938)
As at 31 December 2022	2,752	–	4,107	6,859
Additions	3,959	24,967	–	28,926
Revision of a lease term arising from a change in the non-cancellable period of a lease	(368)	–	–	(368)
Depreciation provided during the year	(2,823)	(185)	(107)	(3,115)
As at 31 December 2023	3,520	24,782	4,000	32,302

As at 31 December 2023, there were no prepaid land lease payments of the Group pledged to secure bank and other borrowings granted to the Group (2022: nil) (note 26).

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14. LEASES (CONTINUED)

As a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2023 RMB'000	2022 RMB'000
Carrying amount at beginning of year	**1,442**	3,556
New leases	**28,926**	724
Accretion of interest recognised during the year	**69**	133
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(392)**	(270)
Payments	**(2,854)**	(2,701)
Carrying amount at end of year	**27,191**	1,442
Analysed into:		
Current portion	**5,619**	816
Non-current portion	**21,572**	626

The maturity analysis of lease liabilities is disclosed in note 40 to financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 RMB'000	2022 RMB'000
Interest on lease liabilities	**69**	133
Depreciation charge of right-of-use assets	**3,115**	2,938
Expenses relating to short-term leases and leases of low-value assets	**985**	1,130
Total amount recognised in profit or loss	**4,169**	4,201

(d) The total cash outflow for leases is disclosed in note 33 to financial statements.

15. INTANGIBLE ASSETS

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	Software RMB'000	Patents and licences RMB'000	Development Cost RMB'000	Total RMB'000
At 1 January 2023				
Cost	**2,535**	**11,500**	**–**	**14,035**
Accumulated amortisation	**(815)**	**(11,500)**	**–**	**(12,315)**
Net carrying amount	**1,720**	**–**	**–**	**1,720**
At 1 January 2023, net of accumulated amortisation	**1,720**	**–**	**–**	**1,720**
Addition	**–**	**–**	**503**	**503**
Amortisation provided during the year	**(440)**	**–**	**–**	**(440)**
At 31 December 2023, net of accumulated amortisation	**1,280**	**–**	**503**	**1,783**
At 31 December 2023:				
Cost	**2,535**	**11,500**	**503**	**14,538**
Accumulated amortisation	**(1,255)**	**(11,500)**	**–**	**(12,755)**
Net carrying amount	**1,280**	**–**	**503**	**1,783**

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	Software RMB'000	Patents and licences RMB'000	Total RMB'000
At 1 January 2022			
Cost	1,939	11,500	13,439
Accumulated amortisation	(397)	(11,500)	(11,897)
Net carrying amount	1,542	–	1,542
At 1 January 2022, net of accumulated amortisation	1,542	–	1,542
Additions	596	–	596
Amortisation provided during the year	(418)	–	(418)
At 31 December 2022, net of accumulated amortisation	1,720	–	1,720
At 31 December 2022:			
Cost	2,535	11,500	14,035
Accumulated amortisation	(815)	(11,500)	(12,315)
Net carrying amount	1,720	–	1,720

16. INVESTMENTS IN ASSOCIATES

	2023 RMB'000	2022 RMB'000
Share of net assets	**4,395**	9,396

The Group's receivable and payable balances and transactions with the associates are disclosed in note 37 to the financial statements.

(a) Particulars of the Group's associates are as follows:

Name	Place and date of incorporation and place of business	Nominal value of registered share capital	Percentage of ownership interest attributable to the Group 2023	2022	Principal activities
Xinjiang Zhongya Log Digital Technology Co., Ltd. ("Xinjiang Zhongya") 新疆中亞路歌數字科技有限公司	PRC 18 January 2022	RMB10,000,000	**46%**	46%	Freight transportation
Qingkong Shoulu Supply Chain Management (Tianjin) Co., Ltd. ("Qingkong Shoulu") 清控首路供應鏈管理(天津)有限公司	PRC 4 January 2019	RMB20,000,000	**30%**	30%	Supply chain management and freight transportation
Anhui Jika Lubrication Technology Co., Ltd. ("Anhui Jika") 安徽吉卡潤滑科技有限公司	PRC 17 November 2017	RMB5,000,000	**40%**	40%	Lubricant production and sales
Wuhu Luge Logistics Technology Co., Ltd. ("Wuhu Luge") 蕪湖路歌物流科技有限公司	PRC 8 September 2020	RMB10,000,000	**24%**	24%	Freight transportation

16. INVESTMENTS IN ASSOCIATES (CONTINUED)

The Group's shareholdings in the all associates comprise equity shares held by the Company, except for Anhui Jika, the shareholdings in which are held through a wholly-owned subsidiary of the Company.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Share of the associates' losses for the year	**(1,382)**	(1,462)
Aggregate carrying amount of the Group's investments in the associates	**4,395**	9,396

The associates have been accounted for using the equity method in these financial statements.

The Group assessed at the end of year whether there is any indication that investments in associates may be impaired. If any such indication exists (e.g., continuous loss-making), the Group will estimate the recoverable amount of the investment. Based on the assessment results, the Group made an impairment provision of RMB3,619,094 (2022: nil) for the year ended 31 December 2023.

17. INVENTORIES

	2023 RMB'000	2022 RMB'000
Goods	**3,839**	2,413

18. TRADE AND NOTES RECEIVABLES

	2023 RMB'000	2022 RMB'000
Trade receivables	**143,376**	123,069
Notes receivable	**–**	2,282
Subtotal	**143,376**	125,351
Less: ECLs	**(573)**	(1,406)
Total	**142,803**	123,945

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18. TRADE AND NOTES RECEIVABLES (CONTINUED)

The Group's trading terms are normally due upon delivery and issuance of the invoice, except for a small number of customers with credit terms, which are generally 7 to 90 days, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As of the end of the year, included in the Group's notes receivables is an amount of nil (2022: RMB1,782,096), which is classified as debt investments at fair value through other comprehensive income, because it is managed in the business model of both collecting contractual cash flows and selling the financial assets. Further details are contained in note 38 to the financial statements.

At the end of the year, the Group has no pledged trade receivables (2022: nil) to secure loans from other financial institution. Further details are contained in note 26 to the financial statements.

An ageing analysis of the trade and notes receivables as at the end of the reporting period, based on the transaction date and net of ECLs, is as follows:

	2023 **RMB'000**	2022 RMB'000
Within 90 days	**126,547**	115,665
90 days to 1 year	**16,253**	8,253
1 to 2 years	**3**	27
Total	**142,803**	123,945

As of the end of the reporting period, ECLs for trade and notes receivables based on the individual or collective assessment are as follows:

	2023 **RMB'000**	2022 RMB'000
Individually determined to be impaired	**–**	807
Less: ECLs	**–**	(807)
Subtotal	**–**	–
Collectively determined to be impaired	**143,376**	124,544
Less: ECLs	**(573)**	(599)
Subtotal	**142,803**	123,945
Total	**142,803**	123,945

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18. TRADE AND NOTES RECEIVABLES (CONTINUED)

The movements in the expected credit losses for trade and notes receivables are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	1,406	1,258
ECLs	(146)	1,059
Amounts written off as uncollectible	(687)	(911)
At the end of the year	573	1,406

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for the customers. The calculation reflects the best estimated outcome based on the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables based on the collective assessment using a provision matrix:

As at 31 December 2023

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Gross carrying amount (RMB'000)	143,373	3	–	143,376
Expected credit loss (RMB'000)	573	–	–	573
Expected credit loss rate	0.40%	–	–	0.40%

As at 31 December 2022

	Ageing			
	Within 1 year	1 to 2 years	Over 2 years	Total
Gross carrying amount (RMB'000)	122,226	36	–	122,262
Expected credit loss (RMB'000)	590	9	–	599
Expected credit loss rate	0.48%	25.00%	–	0.49%

For notes receivable, based on historical data and management's analysis, loss on collection is not material and hence no provision is considered.

19. CONTRACT ASSETS

	2023 RMB'000	2022 RMB'000
Contract assets arising from:		
Freight transportation services	**6,647**	6,439
Less: ECLs	**(64)**	(77)
At the end of the year	**6,583**	6,362

Contract assets are initially recognised for revenue earned from the provision of freight transportation services as the receipt of consideration is conditional upon delivery of the shipments to the customers. Upon delivery of the shipments to the customers, the amounts recognised as contract assets are reclassified to trade receivables.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2023 RMB'000	2022 RMB'000
Within one year	**6,583**	6,362

The movements of the expected credit losses of contract assets are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**77**	102
ECLs	**(13)**	(25)
At the end of the year	**64**	77

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for the customers. The calculation reflects the best estimated outcome based on reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2023 RMB'000	2022 RMB'000
Gross carrying amount	**6,647**	6,439
ECLs	**64**	77
Expected credit loss rate	**0.96%**	1.20%

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2023 RMB'000	2022 RMB'000
Non-current:		
Prepaid expenses	**3,275**	2,211
Current:		
Other receivables from shippers for shipping fees (i)	**880,887**	752,183
Government grants receivable (ii)	**708,387**	567,553
Advances to suppliers	**17,249**	26,156
Rental and business deposits	**8,031**	9,486
Due from related parties	**261**	507
Prepaid tax	**11,713**	4,308
Prepaid expenses	**1,178**	1,253
Others	**17,708**	9,666
Subtotal	**1,645,414**	1,371,112
Less: ECLs	**(15,683)**	(8,924)
Subtotal	**1,629,731**	1,362,188
Total	**1,633,006**	1,364,399

(i) Other receivables from shippers for shipping fees mainly represent the shipping fees uncollected from shippers upon fulfilment of the shipping orders under the freight platform services.

(ii) Government grants receivable represent the government grants from local government authorities to support the Group's digital freight businesses.

As of the end of the year, the Group has no pledged other receivables to secure loans from other financial institution (2022: nil). Further details are contained in note 26 to the financial statements.

Other receivables of the Group are unsecured, non-interest-bearing and have no fixed terms of repayment.

The movements of impairment for the prepayments, other receivables and other assets are as follows:

	2023 RMB'000	2022 RMB'000
At the beginning of the year	**8,924**	12,460
ECLs	**12,442**	7,464
Amounts written off as uncollectible	**(5,683)**	(11,000)
At the end of the year	**15,683**	8,924

Long ageing receivables were regarded as credit-impaired at the end of the reporting date and classified in stage 3, for which the loss allowance was provided with an amount equal to lifetime ECLs. At the end of the reporting date, the gross amounts of other receivables at stage 3 was RMB24,231,900 (2022: RMB5,227,157).

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21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 **RMB'000**	2022 RMB'000
Other unlisted investments, at fair value	**20,000**	50,000

The above unlisted investments of RMB20,000,000 as at 31 December 2023 were mainly wealth management products issued by banks. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

22. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

	2023 **RMB'000**	2022 RMB'000
Cash and bank balances denominated in:		
RMB	**430,486**	524,777
HKD	**89,015**	–
Less: Restricted bank deposits (i)	**1,640**	4,063
Cash and cash equivalents	**517,861**	520,714

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

(i) As of December 31, 2023, it represents assurance deposits subject to restrictions according to the business agreements with certain parties (2022: It represents the balance of a guarantee deposit required by the court under pending litigation).

23. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023 **RMB'000**	2022 RMB'000
Within 1 year	**155,267**	108,695

Trade payables are unsecured and interest-free and are normally settled within 1 year.

24. OTHER PAYABLES AND ACCRUALS

	2023 RMB'000	2022 RMB'000
Other payables to truckers for transportation fees (i)	**809,805**	718,128
Other taxes payable	**378,220**	460,697
Advances from shippers (ii)	**133,277**	142,584
Due to related parties (iii)	**500**	10
Employee benefit payables	**31,370**	31,540
Deposits	**98,339**	118,126
Accrued expenses	**4,451**	2,324
Others	**8,784**	13,788
	1,464,746	1,487,197

(i) Other payables to truckers for transportation fees represent transportation fees collected from shippers but yet to be paid to truckers under freight platform services.

(ii) Mainly representing the refundable prepayments from shippers for future shipping arrangements under freight transportation services and freight platform services. Upon signing of the contract, the amounts which will be recognised as revenue will be reclassified to contract liabilities.

All the other payables and accruals of the Group are non-interest-bearing and unsecured.

25. CONTRACT LIABILITIES

	2023 RMB'000	2022 RMB'000
Short-term advances received from customers:		
Freight platform services	**10,050**	10,478
Freight transportation services	**2,764**	1,897
Total contract liabilities	**12,814**	12,375

Contract liabilities of the Group mainly arise from the advance payments made by customers while the services are yet to be provided.

The above contract liabilities with regard to the remaining performance obligations are expected to be recognised as revenue within one year.

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26. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Effective interest rate (%)	Maturity	31 December 2023 RMB'000
Bank borrowings — unsecured	**3%**	**2024**	**120,000**
			120,000

	Effective interest rate (%)	Maturity	31 December 2022 RMB'000
Other borrowings — unsecured	1.39%–1.8%	2023	500
			500

As at the end of the reporting period, all the bank and other borrowings are repayable within one year and denominated in RMB.

The Group has no pledge nor guarantee provided by or to its related parties as at 31 December 2023 (2022: nil).

27. DEFERRED TAX

The movements in deferred tax liabilities and assets during the reporting period are as follows:

Deferred tax liabilities

	Right-of-use assets RMB'000
At 31 December 2021	978
Deferred tax credited to profit or loss during the year	(424)
At 31 December 2022	554
Deferred tax charged to profit or loss during the year	5,150
At 31 December 2023	**5,704**

27. DEFERRED TAX (CONTINUED)

The movements in deferred tax liabilities and assets during the reporting period are as follows (continued):

Deferred tax assets

	Provision for impairment losses RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 31 December 2021	8,158	3,833	701	1,135	13,827
Deferred tax credited/(charged) to profit or loss during the year	2,256	3,005	(391)	(837)	4,033
At 31 December 2022	10,414	6,838	310	298	17,860
Deferred tax credited/(charged) to profit or loss during the year	45	10,387	5,220	(244)	15,408
At 31 December 2023	**10,459**	**17,225**	**5,530**	**54**	**33,268**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2023 RMB'000	2022 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**27,587**	17,306
Net deferred tax liabilities recognised in the consolidated statement of financial position	**23**	–

Deferred tax assets have not been recognised in respect of the following items:

	2023 RMB'000	2022 RMB'000
Tax losses	**2,383**	4,578
Deductible temporary differences	**3,053**	26
Total	**5,436**	4,604

Certain subsidiaries of the Group had tax losses of RMB2,383,424 (2022: RMB4,578,067) as at 31 December 2023 that will expire in one to five years for offsetting against their future taxable profits. Deferred tax assets have not been recognised in respect of these losses and temporary differences as they are not considered probable that taxable profits will be available against which the tax losses and temporary differences can be utilised.

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28. SHARE CAPITAL

Ordinary shares

	2023 RMB	2022 RMB
Issued and fully paid:		
1,393,876,104 (2022: 84,416,569) ordinary shares	87,117,257	84,416,569
	87,117,257	84,416,569

The movements in the Company's share capital during the reporting period are as follows:

	Number of shares in issue	Share capital RMB
At 31 December 2022 and 1 January 2023	84,416,569	84,416,569
Share Subdivision by 1:16 (i)	1,266,248,535	–
Issuance of shares upon listing on the Hong Kong Stock Exchange	43,211,000	2,700,688
At 31 December 2023	1,393,876,104	87,117,257

(i) As approved by the Company's board of directors in October 2021, the ordinary shares of the Company would be subdivided on a one-for-sixteen basis, and the nominal value of the shares was changed from RMB1.0 each to RMB0.0625 each ("Share Subdivision") subject to the completion of the listing and all necessary approvals obtained in accordance with the applicable PRC laws, regulations and rules. Immediately after such Share Subdivision, the registered share capital of the Company became RMB84,416,569 with 1,350,665,104 shares of nominal value RMB0.0625 each, all of which were fully paid up.

29. EQUITY-SETTLED SHARE-BASED PAYMENTS

Below is recognised in profit or loss under share-based payments arrangement:

	2023 RMB'000	2022 RMB'000
The amount of services rendered by the employees in exchange for share-based payments during the year	26,972	17,665

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29. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)

2019 Logory Logistics Share Incentive Plan

On 31 October 2019, the Company's board of directors approved a share incentive plan (the "2019 Logory Logistics Share Incentive Plan"), for the purpose of attracting and retaining the employees and directors who are considered essential to the success of the Company and the Group.

Pursuant to the 2019 Logory Logistics Share Incentive Plan, the Company grants employees awards, including new options (the "Logory Logistics Options") to purchase ordinary shares of the Company and restricted shares (the "2019 Logory Logistics RSs"). Vesting of the above awards requires the employees to remain in service for the period from the date of grant to the date of vesting, and meet the performance assessment requirements, along with a condition requiring an initial public offering ("IPO") of the Company, which was a performance vesting condition.

Logory Logistics Options granted are generally subject to a vesting schedule from 19 months to 55 months and were classified as an equity award. Depending on the nature and the purpose of the grant, Logory Logistics Options generally vest 25% upon the later of the 19th month of the grant date and the date of IPO occurred, as provided in the grant agreement, and 25% every year from the 19th month of the grant date thereafter. No outstanding Logory Logistics Options will be exercisable after the expiry of a maximum of 12 months from the date of vesting or when the employees cease to remain in service. The exercise price per option is RMB2.50 before Share Subdivision.

2019 Logory Logistics RSs granted to senior management of the Company are subject to a vesting schedule of 12 months upon the date of IPO and were classified as an equity award. The grant price per share is RMB2.50.

Modification Plan of Logory Logistics Options

On 30 November, 2020, the Company's board of directors approved a modification plan of Logory Logistics Options (the "Modification Plan"). Pursuant to the Modification Plan, all the Logory Logistics Options should be converted into restricted shares with the same conditions under corresponding Logory Logistics Option awards other than extending the remaining vesting schedule. IFRS 2 requires the entity to continue to recognise an expense for the grant date fair value of the unmodified award over its original vesting period, even where the vesting period of the modified award is longer. Therefore, except for extending the vesting schedule, the modification involved neither changes to the other vesting condition nor the amount of awards granted under the original plan, as such, no additional expenses need to be recognised on the modification date.

29. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)

2020 Logory Logistics Share Incentive Plan

On 30 November 2020, the Company's board of directors approved a share incentive plan (the "2020 Logory Logistics Share Incentive Plan"), for the purpose of attracting and retaining the employees and directors who are considered essential to the success of the Company and the Group.

Pursuant to the 2020 Logory Logistics Share Incentive Plan, the Company grants employees restricted shares (the "2020 Logory Logistics RSs"). Vesting of the above 2020 Logory Logistics RSs requires the employees to remain in service for the period from the date of grant to the date of vesting, and meet the performance assessment requirements, along with a condition requiring an initial public offering ("IPO") of the Company, which was deemed as a performance vesting condition.

2020 Logory Logistics RSs granted are generally subject to a vesting schedule from 2 years to 5 years and were classified as an equity award. Depending on the nature and the purpose of the grant, 2020 Logory Logistics RSs generally vest 25% upon the later of the second year of the grant date and the 12th months upon the date of IPO, as provided in the grant agreement, and 25% every year from the second year of the grant date thereafter. The grant price per share is RMB2.50 before Share Subdivision.

2021 Logory Logistics Share Incentive Plan

On 13 September 2021, the Company's board of directors approved a share incentive plan (the "2021 Logory Logistics Share Incentive Plan"), for the purpose of attracting and retaining the employees and directors who are considered essential to the success of the Company and the Group.

Pursuant to the 2021 Logory Logistics Share Incentive Plan, the Company grants employees restricted shares (the "2021 Logory Logistics RSs"). Vesting of the above 2021 Logory Logistics RSs requires the employees to remain in service for the period from the date of grant to the date of vesting, and meet the performance assessment requirements, along with a condition requiring an initial public offering ("IPO") of the Company, which was deemed as a performance vesting condition.

2021 Logory Logistics RSs granted to senior management of the Company are subject to a vesting schedule of 12 months upon the date of IPO and were classified as an equity award. The grant price per share is RMB2.50 before Share Subdivision.

2021 Logory Logistics RSs granted to the employees except for senior management are generally subject to a vesting schedule from 2 years to 5 years and were classified as an equity award. Depending on the nature and the purpose of the grant, 2021 Logory Logistics RSs generally vest 25% upon the later of the second year of the grant date and the 12th months upon the date of IPO, as provided in the grant agreement, and 25% every year from the second year of the grant date thereafter. The grant price per share is RMB2.50 before Share Subdivision.

In November 2023, pursuant to the 2021 Logory Logistics Share Incentive Plan, the Company granted several employees restricted shares, subject to a vesting schedule from 7.5 months to 3 years and were classified as an equity award. In addition, the Company granted one employee the number of 3,200,000 restricted shares, which were immediately vested. The grant price per share is RMB0.15625 after Share Subdivision.

29. EQUITY-SETTLED SHARE-BASED PAYMENTS (CONTINUED)

2021 Logory Logistics Share Incentive Plan *(continued)*

Logory Logistics RSs

The following table summarises the activity of Logory Logistics RSs granted by the Company for the reporting periods:

	Number of restricted shares	Weighted average grant date fair value
		RMB
As at 1 January 2023	**3,832,015**	**25.13**
Share Subdivision by 1:16 (i)	**57,480,225**	
Granted	**4,640,000**	**0.94**
Vested	**(3,200,000)**	**0.94**
Forfeited	**(1,840,000)**	**1.81**
As at 31 December 2023	**60,912,240**	**1.55**
As at 1 January 2022	4,014,815	24.96
Granted	40,000	44.72
Forfeited	(222,800)	25.60
At 31 December 2022	3,832,015	25.13

(i) It represented the effects of adjustments made to the numbers of restricted shares as a result of the Share Subdivision.

In 2023, the fair value of the restricted shares was calculated based on the market price of the Company's shares at the respective grant date, deducted by the grant price.

In 2022, restricted shares granted are measured by reference to the fair value of the Company's ordinary shares on the grant date. The fair value is computed based on the share price from the independent recent round of financing occurred around the grant date or the fair value of the Company valued by income approach, deducted by the grant price.

The Group recognised share-based payment expenses of Logory Logistics RSs for the year ended 31 December 2023 of RMB26,972,081 (2022: RMB17,665,007).

30. SPECIAL RESERVE

	As at 1 January 2023 RMB'000	Increase RMB'000	Decrease RMB'000	As at 31 December 2023 RMB'000
Safety fund	**1,725**	**7,704**	**(9,429)**	**–**

	As at 1 January 2022 RMB'000	Increase RMB'000	Decrease RMB'000	As at 31 December 2022 RMB'000
Safety fund	–	1,725	–	1,725

The information about the special reserve is disclosed in note 2.4 Material Accounting Policies-Production safety expenses.

31. RESERVES

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity in financial statements.

(i) Capital reserve

The share premium represents the difference between the par value of the shares issued and the consideration received.

(ii) Statutory surplus reserve

In accordance with the Company Law of the People's Republic of China, the companies in the PRC are required to allocate 10% of the statutory after tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies registered capital. Subject to approval from the reporting PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to shareholders of the PRC companies.

(iii) Other reserve

The other reserve of the Group represents the excess of the consideration over the carrying amount of the non-controlling interests acquired.

32. DISPOSAL OF A SUBSIDIARY

	2023 RMB'000
Net liability disposed of:	
Other payables and accruals	**(13,303)**
Gain on disposal of a subsidiary	**–**
Total consideration	**(13,303)**
Satisfied by:	
Prepayments, other receivables and other assets [(1)]	**(13,303)**

(1) During the year ended 31 December 2023, the Group disposed a subsidiary, Shaanxi Zhongcheng Technology Logistics Co., Ltd ("Shaanxi Zhongcheng") with the consideration of RMB1 and wrote off its receivables of RMB13,303,007 from Shaanxi Zhongcheng. There was net cash in flow of RMB1 in respect of the disposal.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB28,925,508 (2022: RMB723,740) in respect of lease arrangements for offices.

(ii) Changes in liabilities arising from financing activities

Interest-bearing bank and other borrowings

	2023 RMB'000	2022 RMB'000
At beginning of year	**500**	92,194
Changes from/(used in) financing cash flows	**117,118**	(95,474)
Interest accrued	**2,382**	3,780
At end of year	**120,000**	500

Lease liabilities

	2023 RMB'000	2022 RMB'000
At beginning of year	**1,442**	3,556
Changes from financing cash flows	**(2,854)**	(2,701)
New leases	**28,926**	724
Revision of lease terms	**(392)**	(270)
Interest accrued	**69**	133
At end of year	**27,191**	1,442

Notes to the Consolidated Financial Statements

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33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(iii) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2023 **RMB'000**	2022 RMB'000
Within operating activities	**946**	1,380
Within financing activities	**2,854**	2,701
Total	**3,800**	4,081

34. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other borrowings are contained in note 26 to the financial statements.

35. CONTINGENT LIABILITIES

As at 31 December 2023 and 2022, the Group did not have any significant contingent liabilities.

36. COMMITMENTS

At the end of the reporting period, the Group did not have any significant capital commitments.

37. RELATED PARTY TRANSACTIONS

Details of the Group's related parties that had transactions and/or balances with the Group during the reporting period are as follows:

Company	**Relationship with the Group**
Mr. Feng Lei	Shareholder with significant influence over the Group
Mr. Du Bing	Shareholder with significant influence over the Group
Ms. Liu Fei	Close family member of a shareholder with significant influence over the Group
Qingkong Shoulu	An associate of the Group
Wuhu Luge	An associate of the Group
Xinjiang Zhongya	An associate of the Group

37. RELATED PARTY TRANSACTIONS (CONTINUED)

(i) The Group had the following transactions with related parties during the reporting period:

	Notes	**2023 RMB'000**	2022 RMB'000
Provision of services:			
Qingkong Shoulu	(a)	**–**	194
Xinjiang Zhongya	(a)	**757**	414
Wuhu Luge	(a)	**876**	497
Purchases of services from:			
Xinjiang Zhongya	(b)	**1,056**	–

Notes:

(a) The provision of services to related parties was made according to the published prices and conditions offered to the major customers of the Group.

(b) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their major customers.

(ii) Guarantees:

The Group has no pledge nor guarantee provided by or to its related parties as at 31 December 2023 and 2022.

(iii) Outstanding balances with related parties:

(a) Prepayments, other receivables and other assets

	2023 RMB'000	2022 RMB'000
Wuhu Luge	**144**	139
Xinjiang Zhongya	**117**	368
Total	**261**	507

(b) Other payables and accruals

	2023 RMB'000	2022 RMB'000
Qingkong Shoulu	**–**	10
Xinjiang Zhongya	**500**	–
Total	**500**	10

All the balances with related parties are unsecured, interest-free and repayable on demand.

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37. RELATED PARTY TRANSACTIONS (CONTINUED)

(iv) Compensation of key management personnel of the Group:

	2023 RMB'000	2022 RMB'000
Salaries, bonuses, allowances and benefits in kind	4,132	4,318
Pension scheme contributions and social welfare	292	268
Equity-settled share-based payment expenses	11,278	9,569
Total compensation paid to key management personnel	15,702	14,155

Further details of directors' and the chief executive's emoluments are included in note 8 to financial statements.

(v) Transactions between the Company and its subsidiaries

(a) Transactions with subsidiaries

	2023 RMB'000	2022 RMB'000
Platform service fees charged from subsidiaries	185,432	160,790

(b) Outstanding balances with subsidiaries

	2023 RMB'000	2022 RMB'000
Prepayments, other receivables and other assets	445,883	226,960
Other payables and accruals	244,948	215,976

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2023 **RMB'000**	2022 RMB'000
Financial assets at amortised cost		
Trade and notes receivables	**142,803**	122,163
Financial assets included in prepayments, other receivables and other assets	**1,599,591**	1,330,471
Restricted bank deposits	**1,640**	4,063
Cash and cash equivalents	**517,861**	520,714
Subtotal	**2,261,895**	1,977,411
FVTPL	**20,000**	50,000
FVOCI		
Notes receivable	**–**	1,782
Total	**2,281,895**	2,029,193

Financial liabilities

	2023 **RMB'000**	2022 RMB'000
Financial liabilities at amortised cost		
Trade payables	**155,267**	108,695
Financial liabilities included in other payables and accruals	**921,879**	852,376
Interest-bearing bank and other borrowings	**120,000**	500
Total	**1,197,146**	961,571

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The Group's finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the chief financial officer. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

Management has assessed that the fair values of cash and cash equivalents, restricted bank deposits, trade and notes receivables, financial assets included in prepayments, other receivables and other assets, trade payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

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39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The valuations of the financial assets at fair value through profit or loss or other comprehensive income were based on information known to the Group and market conditions existing at the end of the reporting period. The fair values were determined by using appropriate valuation techniques. Valuation techniques of notes receivable and unlisted wealth management products were the discounted cash flow model, recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same and making use of available and supportable market data as much as possible.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

31 December 2023	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
FVTPL	**20,000**	**–**	**–**	**20,000**

31 December 2022	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
FVTPL	50,000	–	–	50,000
FVOCI-debt	–	1,782	–	1,782

During the reporting period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, restricted bank deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and notes receivables, trade payables, financial assets included in prepayments, other receivables, and other assets, and financial liabilities included in other payables and accruals, which mainly arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end and staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(i) Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets	–	–	–	6,647	6,647
Trade and notes receivables	–	–	–	143,376	143,376
Financial assets included in prepayments, other receivables and other assets	1,590,761	281	24,232	–	1,615,274
Restricted bank deposits	1,640	–	–	–	1,640
Cash and cash equivalents	517,861	–	–	–	517,861
	2,110,262	281	24,232	150,023	2,284,798

As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets	–	–	–	6,439	6,439
Trade and notes receivables	–	–	–	125,351	125,351
Financial assets included in prepayments, other receivables and other assets	1,333,559	609	5,227	–	1,339,395
Restricted bank deposits	4,063	–	–	–	4,063
Cash and cash equivalents	520,714	–	–	–	520,714
	1,858,336	609	5,227	131,790	1,995,962

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank and other borrowings.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on contractual undiscounted payments, is as follows:

At 31 December 2023

	Less than 1 year RMB'000	1 to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
Trade payables	**155,267**	**–**	**–**	**155,267**
Financial liabilities included in other payables and accruals	**921,879**	**–**	**–**	**921,879**
Lease liabilities	**6,510**	**7,488**	**15,353**	**29,351**
Interest-bearing bank and other borrowings	**122,632**	**–**	**–**	**122,632**
	1,206,288	**7,488**	**15,353**	**1,229,129**

At 31 December 2022

	Less than 1 year RMB'000	1 to 2 years RMB'000	Over 2 years RMB'000	Total RMB'000
Trade payables	108,695	–	–	108,695
Financial liabilities included in other payables and accruals	852,376	–	–	852,376
Lease liabilities	856	333	337	1,526
Interest-bearing bank and other borrowings	500	–	–	500
	962,427	333	337	963,097

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(iii) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The current asset-current liability ratios as at the end of the reporting periods are as follows:

	2023 **RMB'000**	2022 RMB'000
Total current assets	**2,322,457**	2,069,685
Total current liabilities	**1,776,561**	1,617,866
Current asset-current liability ratios*	**76%**	78%

* The current asset-current liability ratio is calculated by dividing the total current liabilities by total current assets and multiplying the product by 100%.

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41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	52,843	59,560
Right-of-use assets	5,646	5,947
Intangible assets	1,612	1,488
Investments in subsidiaries	407,600	414,600
Investments in associates	4,395	9,396
Prepayments, other receivables and other assets	3,262	2,160
Deferred tax assets	12,358	3,430
Total non-current assets	487,716	496,581
CURRENT ASSETS		
Trade and notes receivables	825	1,075
Prepayments, other receivables and other assets	461,670	245,925
FVTPL	20,000	50,000
Restricted bank deposits	1,640	–
Cash and cash equivalents	216,733	152,840
Total current assets	700,868	449,840
CURRENT LIABILITIES		
Trade payables	304	124
Other payables and accruals	268,702	242,509
Contract liabilities	9,683	9,614
Interest-bearing bank and other borrowings	120,000	–
Lease liabilities	358	347
Tax payable	–	126
Total current liabilities	399,047	252,720
NET CURRENT ASSETS	301,821	197,120
TOTAL ASSETS LESS CURRENT LIABILITIES	789,537	693,701
NON-CURRENT LIABILITIES		
Lease liabilities	100	293
Deferred tax liabilities	8	–
Total non-current liabilities	108	293
NET ASSETS	789,429	693,408
EQUITY		
Share capital	87,117	84,417
Reserves	702,312	608,991
TOTAL EQUITY	789,429	693,408

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve RMB'000	Share-based payments reserve RMB'000	Statutory surplus reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
At 1 January 2022	489,105	117,556	625	(11,707)	595,579
Equity-settled share-based payments	–	17,665	–	–	17,665
Total comprehensive income for the year	–	–	–	(4,253)	(4,253)
As at 1 January 2023	489,105	135,221	625	(15,960)	608,991
Issuance of shares upon listing on the Hong Kong Stock Exchange	98,064	–	–	–	98,064
Equity-settled share-based payments	–	26,972	–	–	26,972
Total comprehensive income for the year	–	–	–	(31,715)	(31,715)
At 31 December 2023	**587,169**	**162,193**	**625**	**(47,675)**	**702,312**

42. EVENT AFTER THE REPORTING PERIOD

The Group did not have any significant events after the end of the reporting period which need to be disclosed.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March, 2024.

Definitions

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

"2023 AGM"	the forthcoming annual general meeting of the Company to be held on Wednesday, May 29, 2024
"Ant Group"	Ant Group Co., Ltd. (螞蟻科技集團股份有限公司), a joint stock limited liability company established under the laws of the PRC on October 19, 2000
"Articles" or "Articles of Association"	the articles of association of our Company adopted on October 28, 2021 with effect on the Listing Date, as amended from time to time
"Audit Committee"	the audit committee of the Board
"Auditor"	Ernst & Young, the external auditor of the Company
"Board" or "Board of Directors"	board of directors of the Company
"Board of Supervisors"	board of supervisors of the Company
"CAGR"	compound annual growth rate
"CG Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 (previously known as Appendix 14) to the Listing Rules
"Chairman"	chairman of the Board
"China" or "PRC"	the People's Republic of China, unless otherwise stated, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan of China herein
"Company" or "our Company" "the Company"	Logory Logistics Technology Co., Ltd. (合肥維天運通信息科技股份有限公司), a joint stock company with limited liability incorporated in the PRC on June 23, 2010 and listed on the Stock Exchange on March 9, 2023 (Stock code: 2482)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and in the context of this annual report, refers to the controlling shareholders of our Company, namely Mr. Feng Lei, Mr. Du Bing and Shanghai Chuyan
"Director(s)"	director(s) of the Company
"FTL"	full truckload shipping, a transportation service in which the delivery involves a dedicated shipment of a full truckload, typically shipped directly from the point of departure to the point of destination through linehaul with the freight weight over 3 tons

Definitions

"Global Offering"	an offering of 43,211,000 H Shares, comprising a final Hong Kong public offering of 12,964,000 H Shares and a final international public offering of 30,247,000 H Shares
"GPS"	the Global Positioning System
"Group", "our Group", "the Group", "we", "us", or "our"	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)
"H Share(s)"	overseas listed shares in the share capital of our Company with a nominal value of RMB0.0625 each, subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HK$" or "HK cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards
"IoT"	Internet of things
"Latest Practicable Date"	April 18, 2024, being the latest practicable date prior to the publication of this annual report for ascertaining certain information contained herein
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	March 9, 2023, the date on which the H Shares of the Company were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LTL"	less than truckload shipping, a transportation service in which the shipment is less or lighter than a full truckload, and typically placed together with other shipments into a full truckload with the freight weight between 30 kg to 3 tons
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange

Definitions

"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 (previously known as Appendix 10) to the Listing Rules
"Mr. Du"	Mr. Du Bing (杜兵), an executive Director, the chief executive officer, the general manager and a Controlling Shareholder. He is also a co-founder and a promoter of our Company
"Mr. Feng"	Mr. Feng Lei (馮雷), an executive Director, the chairman of the Board and a Controlling Shareholder. He is also a co-founder and a promoter of our Company
"Online GTV"	online gross transaction volume, the aggregate amount of shipping fees (including VAT) settled on a digital freight platform for shipping transactions fulfilled through such platform as a statutory carrier under PRC law
"Prospectus"	the prospectus of the Company dated February 27, 2023
"Reporting Period"	the year ended December 31, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Chuyan"	Shanghai Chuyan Enterprise Management Partnership (Limited Partnership) (上海褚岩企業管理合夥企業(有限合夥)), a limited partnership formed under the laws of the PRC on December 16, 2020 and is a Controlling Shareholder. As of the Latest Practicable Date, Shanghai Chuyan was owned as to 52% by Mr. Feng Lei and 48% by Mr. Du Bing
"Shanghai Yunxin"	Shanghai Yunxin Venture Capital Company Limited* (上海雲鑫創業投資有限公司), a limited liability company established under the laws of the PRC on February 11, 2014 and is one of the Pre-IPO Investors. As of the Latest Practicable Date, Shanghai Yunxin was directly wholly owned by Ant Group Co., Ltd. (螞蟻科技集團股份有限公司)
"Share(s)"	ordinary share(s) of the Company with nominal value of RMB0.0625 each including our domestic Shares and H Shares
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

Definitions

"Supervisor(s)"	member(s) of the board of Supervisors of the Company
"VAT"	Value-added tax
"%"	per cent